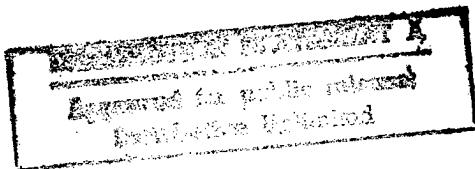


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31 October 1985



# Korean Affairs Report

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31 October 1985

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INTER-KOREAN AFFAIRS

NORTH'S MILITARY REORGANIZATION, MOBILIZATION ANALYZED

Seoul PUKHAN in Korean No 6, Jun 85 pp 132-141

[Article by Yu Yin-taek]

[Text] On April 27th, after the Korea-USA summit talk conference, the President of the USA, Reagan, said through a newspaper report, "President Chon Tu-hwan and I discussed Korea's national security problems concerning north Korea's continuous Demilitarized Zone (DMZ) troop dispositions"; and added, "We came to a conclusion that north Korea's troop dispositions increase the necessity of our defense." We are assured from the comment that the problems with Korea's DMZ troop dispositions are thoroughly discussed. It is known that the defense strategy against an invasion from the north in connection with troop disposition are discussed from various angles at the 17th Korea-US Security Conference which was held in Washington D.C. from May 6th to 8th.

The internal and external political environment surrounding the Korean Peninsula is heading toward a reduction of tension; however, North Korea, taking advantage of the situation, outwardly supports the mutual talks and reduction of tension, but internally composes a new dangerous situation. Is this a strategy of "a conversation while fighting" and "a war while talking"?

The issue of North Korea's DMZ troop disposition surfaced after the Japanese Sankei newspaper's report on September 23th, 1984. The paper reported, quoting from International Military News, "North Korea newly deployed three armored corps (nine armored divisions) and is deploying troops around Kyesong on the military demarcation line"; and added, "These armored divisions are special attack forces which are not assigned to a specific location."

The issue concerning north Korea's reorganization toward offense, DMZ troops dispositions, increase of motive power and fire power, and the construction of underground bunkers are intermittently brought up throughout the conference testimony of the senior officers of the U.S. Departments of Defense and State and Military leaders. Especially before and after the Korea-U.S. summit talk, major international news media focused on this issue as one of the major news stories of the Korean Peninsula. The examples of this year's testimony and reports concerning this issue are as follows: WASHINGTON TIMES

press conference with U.S. Army Chief of Staff on February 15th; US Pacific Commander William Crow's testimony at the US Congress Investigation Committee, public hearing on the February 27th; testimony of James Kelly, second assistant secretary of State in charge of East Asia and Pacific, at the public hearings concerning the security assistance of 1986, which was held at the U.S. Congress Foreign Affairs Committee, Asian-Pacific problem Committee; March 21st testimony of Paul Wolfowitz, Assistant Secretary of the U.S. State Department in charge of East Asia, at the public hearing of the U.S. Senate Foreign Relations Committee Asia-Pacific Problem Committee; March 21st speech of U.S. Navy Admiral Charles Horn at the Military cease-fire committee, the 428th Assembly; March 31st Japanese Broadcast, quoting the news from the U.S. State Department, Department of Defense, and military intelligence; April 22nd announcement of the U.S. State Department spokesman, Edward Georgian [phonetic]; the broadcast of an AP REUTERS report; April 24th report of THE BELT, quoting the General Livsey's speech; April 26th broadcast of an AP-AFP report; April 27th report of WASHINGTON POST, THE SUN, and LOS ANGELES TIMES; and a May 2nd report of the WASHINGTON TIMES.

#### Circumstance of North Korean Military Reorganization and Troop Disposition

The summary of status of north Korea's reorganization and troop disposition, which are revealed through various testimonies, reports, and declaration of high ranking Conferences, are as follows:

North Korea recently established four Mechanized corps and one Artillery corp. Two of the mechanized corps are placed just behind the front line, So Lewon in the west and Gosan, Kangwon Province in the east. (Two other units are supposed to be placed in Chongju Pyongan Province and Hamhung, Hamgyong Province). The concentrated placement of strategic units on the front line is evident judging from the placement of 13 brigades out of 23 special brigades in the front line.

It is a notable factor that the special units, well known as invasion forces, which used to be placed in rear areas, such as Junju, and Duckchun or Pyongnam Province, are now placed on the invasion route to South Korea. This factor signifies an important meaning in a sense that it is threatening the peace in the Korean Peninsula with the 100,000 Special Forces troops which north Korea trained for the invasion. The fact that north Korea placed its special units near the front line means to us that the warning time is tremendously reduced. More specifically the 24 hour warning time has been reduced to only 6 hours. North Korea has built, near the DMZ, 170 tunnel brigades, which can accommodate 4 to 5 divisions of soldiers and equipments. At the Kosung-Kun, Namae-Li, navy base which is adjacent to the DMZ in east coast, troop concealment facilities have been established. This new underground fortress, which has been under construction since the fall of 1983, is equipped with weapon storage spaces, maintenance facilities, food storage spaces, power plants, and night communication facilities; and it is known that certain military units are residing in the fortress. It can be literally called an "advanced compound" and it evokes the possibility of an outbreak of a war.

It is obvious that the reorganization and the replacement of military units were conducted under the direction of Kim Il-sung and Kim Chong-il. Kim Il-sung is known to have instructed the reorganization of the mechanized division into brigade size through his speech after his inspection of the Yanduk unit drill, "Since north Korea has many mountains which restrict the movement of division size units, reorganize the units into brigade size." And a certain communication delivers the message that Kim Chong-il instructed the reorganization of divisions into brigades, the change of command structure according to the characteristics of the unit, and the improvement of mobility of units by 3 times; and emphasized the unification of Korea in the 1980's.

#### Russia's Military Support to North Korea and Modern Weapons

North Korea, despite its poor economic condition, invests approximately 24 percent of its GNP in the military according to the military seniority economic policy. In other words, it is fiercely investing for the improvement of military power. Two hundred fifty-five Central Committee slogans were pronounced for the 40th anniversary of the Party, on January 31st, 1985. One of which was "Let's thoroughly carry out the executive membership of the entire military, the modernization of the entire military, and the arming of the entire country." Its essence is confirmation of the conviction to continuously pursue the existing military course.

In April and September of 1984, North Korea test fired three ground to ground missiles which can reach up to 270 kilometers, up to Taejon, central district of South Korea. And as a proof of the enforcement of a military intelligence cooperation with Russia, at the end of March, allowed reconnaissance flights over the DMZ by Russian bombers (Tu-16 Badger bomber). It shows a different tactic in the reinforcement of strategic dispositions and the modernization of equipment. North Korea is especially focusing on the purchase of modern weapons. In November, 1984, at the symposium held in Hamamatsu Shi, Japan, Professor Brzencinski announced that north Korea is supplied with ground-to-ground SCUD SSM from Russia, whose range is 300 kilometers; and seems to have been granted authority to use them. The strategic significance of possessing SCUD missiles means that, in addition to the existing FROG 5/7, the offensive capacities of nuclear bombs, chemical bombs, and conventional bombs have improved. If it is used simultaneously with Navy Styx, a missile attack of all South Korea is possible.

On December 2d, 1984, Japanese NHK broadcast announced that Russia promised to supply MIG-23 planes, T-72 tanks, and new-model Helicopters to North Korea. The broadcast was derived from the statement of Martujok (phonetic), a Russian defector to Panmumjum, who heard of it when Kapitsa, the first foreign affairs deputy minister, revealed it in the presence of Russian embassy members in Pyongyang. Therefore it is a matter of time before North Korea obtains approximately 30 MIG-23 planes. On May 11th, the Japanese SANKYONG newspaper reported that 10 MIG-23 planes are already placed in Hwangju, North Korea. The "1984-85 World Strategy Survey" annual report which was presented on May 3d by British International Strategic Problem Research Institute, said that North Korea has gotten away from the policy of exclusive support by China and is strengthening its relations with

Russia has been restricting from international sale. Other than MIG-23 and 25 planes and T-72 tanks, North Korea is expanding its military diplomatic relations in various directions in order to obtain the following arms from Russia: new model SAM-6/8 ground-to-air missile, which can shoot down the American SR-71 reconnaissance plane which patrols the vicinity of DMZ; high technology electronic arms to oppose South Korea's Stinger portable missile and Tow anti-tank missile, and laser guided weapons.

The reports of military diplomatic relations between Russia and North Korea are as follows: Kim Il-sung's visit to Russia and summit talk from May 23rd in 1984; Russian foreign affairs deputy minister, Kapitsa's visit to north Korea from November 12th to 17th in 1984; Russian Army-Navy-Airforce volunteer and Support Committee representatives' visit to North Korea from November 19th to 27th in 1984; North Korea Peoples Arms Chairman, Oh Gin-woo's attendance to the funeral of Russian Department of Defense Minister from December 23th to 25th in 1985; Foreign Services Chairman, Kim Young-nam's visit to Russia from April 16th to 23th in 1985; Park Sung-chul and Oh Kuk-yul's visit to Russia in May of 1985; and Russian Airforce flight unit's visit to north Korea.

A recent major issue between Korea and the United States is that in April 1983, North Korea obtained from Delta of West Germany, a model 300 Helicopter and a model 500 helicopter which were produced by Hughes Aircraft and loaded on a Panama freight ship in California. They were delivered via Japanese Yokohama harbor, to Nampo harbor by the North Korean ship Aekuk Donggun. Furthermore, North Korea obtained 87 Hughes helicopters by Russian ships through the West German Arms trading company Delta, from December 83 to 84. The purposes of obtaining a large quantity of helicopters which are identical to the ones South Korea has in possession are as follows: To confuse the aircraft identification ability during an invasion of South Korea such as a rear guerrilla invasion; to improve the capacity of air invasion and air transportation; and to disrupt the relationship between South Korea and the United States.

#### Kim Il-sung's Strategy/Tactics and Mechanized Military Power

Kim Il-sung's speech which was given in January 1969 at the "4th Peoples Military Party Assembly of the 4th term," has been the basis of the military strategy until today. In his speech, Kim said, "Taking the liberation war experience into account, we must enforce the military drill suitable for our nation's present circumstance. We need a good strategy for defensive war tactics for guerrilla units, small units, as well as large units are needed. Scout units must strategically work well with the regular army and must support the regular army in combined mountain warfare. We must combine skilled small units of the regular army with guerrilla warfare units and arm them with weapons suitable for the mountain warfare to destroy the enemy. Regular units must be trained to act as a skilled unit. We can fight equipped only with recoilless rifles, 82 mm mortars, and machine guns. Especially we must organize units which can carry on evasive tactics during a night battle and mountain battle and thoroughly train them to be ready for the battle."

Following Kim's speech, the North Korea military has modified and maintained the composition, maintenance, and disposition drills. The deeper root is based on Kim's instructed strategic task after the review of the failure of the June 25th conflict, which was given at the 3rd Central Committee Assembly, "Bul Chun Li Assembly" in December of 1950. It has not changed even in 1980's. For example, at the 50th anniversary of the North Korean Army, on April 1982, the People's defense chairman O Chin-wu beautified Kim's strategy through his "report." O said in his report, "We created a novel strategy which reflects the demands of modern war and the situation of our nation such as an active defense relying on regular and guerrilla warfare, mountain and night warfare, deployment and subterranean passage of the 2nd front line in the wide open area." Kim's military strategy is also comprehensibly expressed in Han Ik-su's "report" which was given at the 1971 North Korean military 23rd anniversary Presentation Rally. Anyway, North Korea's strategy is "the combined tactic of regular warfare and irregular warfare" and its focus is on the large scale invasion attack and the blitzkrieg victory. In conclusion, the strategy is actualized through the improvement and increase of the mobility of front line units and their fire power, and light weight strategic units.

It is a known fact that North Korea is concentrating on the attainment of new fighter planes and military ships, on the increase of internal weapon production capacity, and on improving weapon quality through the replacement of old equipment. The observation of a trend after 1980 shows us that North Korea changed 10 infantry divisions into mechanized divisions through the domestic production of T-62 tanks and armour. Accordingly, 12 divisions, which are 32 percent of 27 divisions, became armoured or mechanized divisions. It brought a frightful change in strategic speed by increasing the 4 KPH manuever ability of the previous infantry division to 40 KPH. Artillery power is greatly improved by making 1,800 of 4,800 field guns self propelled. 80 percent of the armour and artillery are concentrated and in place on the major roads to South Korea, and the front line area and advanced positions are in constant readiness.

On top of that, guided missiles obtained from China, and 19 naval vessels such as submarines, destroyers, and guided missiles ships were constructed and placed in preparation for war. North Korea obtained 40 Chinese Mig 21 planes, 52 AN-2 planes, and 47 Polish MI-2 Helicopters. It is building a large scale airplane production factory to manufacture Migs and Helicopters in Banghyon, North Pyongan Province, thereby increasing the mobility needed for invasion warfare.

The observations on invasion reconnaissance are as follows: On February 1984, submarine special forces were established in Wonsan Harbor of the Songjun Peninsula, and 18 out of 35 submarines in north Korea's possession are placed there. In August, an underwater penetration drill was carried on by submarine units. The submarines are able to penetrate independently Samchuck and Yuljin; and with the support of mother ship, could penetrate the southern shore. Also, it is known that a secret air penetration drill, utilizing Amphibious AN-2 light transport planes and balloons, was carried out. Every year North Korea trains 30 spy networks and continues to build underground

networks in preparation for the right time to dispatch trained spies. Since 1981, "Armed Agitation Units" have been recruiting selected college graduates and giving them 4 years of special elite training which will produce 50 graduates this year. There is a constant possibility North Korea might insert them into South Korea to kill, to stimulate demonstrators, to destroy major security facilities, and to foment social disturbance and political insecurity, and to carry out preliminary skirmishes to disturb the Olympics.

Why is North Korea creating tension by creating battle posts and constructing underground bunkers? North Korea is keeping silent about it, neither admitting or denying it; however, it is not difficult to recognize their intentions. A simpler answer than guessing why a deer came all the way up to the summit of ice covered Mt. Kilamenzaro, 6,000 meters above sea level and died, can be expected.

#### Is It Invasion Preparation or Defensive Strategy?

There are two views to which north Korean military troops dispositions and military trends can be subjected. The first is an evaluation in the dimension of offense. The second is analysis in the dimension of defense. A general understanding is that North Korea is amplifying the threat of the invasion of South Korea by the change to invasion trend and the replacement of major units. A general observation is that North Korea is deploying troops with an intention of invasion, is concentrating on modern weapon procurement and equipment reinforcement, and is accelerating the lightening of its motive power.

The basis of argument on the above concepts are as follows: First, North Korea has never formally withdrawn the armament and is continuously pursuing it. Secondly, North Korea realized its apparent inferiority in national power in comparison with the South during the time of 1988 Seoul Olympics, and is nervous of its failure during war. North Korea is feeling the pressure of the necessity of taking over the South before Kim Il-sung's retirement. Therefore, it is possible that the north might thoughtlessly attempt this dangerous play. Thirdly, the troop dispositions are in preparation for an expected invasion. In other words, the keynote of North Korea's military strategy is the communist unification of the Korean Peninsula by a speedy battle. The strategic concept is the blitzkrieg and negotiation after the occupation of the Capital. The driving force is the adoption of blitzkrieg strategy by mechanized units and irregular units. The goal of the drive is the invasion and the expected result of the short-term battle by the improvement of mobility is established. Therefore, at the time of invasion, the warning time is reduced to 6 hours from the previous 24 hours. Fourthly, North Korea has a false impression of South Korea, according to which South Korea is suffering from political and social insecurity. North Korea is hoping to invade the South with the excuse of "the People's Liberation" if an opportunity is given. The opportunity the North is aiming for is the formation of an anti-foreign influence, anti-fascism democratic class revolution atmosphere. Especially since the north does not have any common sense in conduct and behaviour, it is possible for it to plan a ruthless provocation to disrupt the 1986 Asian games and the 1988 Seoul Olympics.

Another interpretation is that the idea behind the North's troop dispositions is to seal the front line with an iron wall of fortresses. In other words, the North might have overestimated the military power of the South and positioned the North's entire military power in the front lines under the concept of defending the front line with an iron fortress. The basis of argument on this concept is as follows: First, the north is aware of the facts that the South places its troop concentrations to protect its Capital and the American ground troops will not abandon their position until the support troops arrive in order to avoid the loss of powerful weapons. Therefore the North can not be planning a reckless provocative strike. Especially, the north is aware that its invasion attempt will be risking a frightful revenge including the use of nuclear retaliation and its punishment will result in an irreversible loss of power. Secondly, the modernization of the South Korean military following the military power increase plan is well on the way. And the Team spirit drill, which is a combined military drill between South Korea and the United States, is emphasized in quantity and quality. Therefore the North might not have a choice but to establish a strategy to cope with the strengthening South.

On the other hand, an odd interpretation in the area of psychological warfare suggests that the North might be hoping to increase tension and heighten the risk of war on the peninsula to support the arguments calling for negotiation with the United States and suggesting that Seoul is a bad site for the Olympics.

The important point is that it is a fact that North Korea has placed concentrated military forces around the DMZ, whether it was caused by the North's oversensitive reaction to the South's power or by the intent to invade the South. The fact that highest density of military power ever known in the world is deployed is corroborative evidence of the increase of possibility of an outbreak of a war. Regardless of the North's intention, it is building a basis and an incentive to provoke an invasion depending on the circumstance. Therefore we are in a tense situation, where we cannot relax our guard and loosen security matters.

#### Two Faced North Korea

North Korea reveals many faces to us. On one side, it shows the appearance of an economic revisionist; a gentle smiling face at the conference; and a pliable attitude in approaching Western countries. The North is holding an olive branch in one hand and a knife in the other, by criticizing South Korea and provoking anti-America movement under the slogan of "Anti-America Autonomy," and idealizing the father-son heritage of the end of ancient period, and provoking the increase of military power.

Kim Il-sung repeatedly mentioned, "The North does not have any intention or the ability to invade the South." However, we can not trust Kim's words because he is a person who has a habit of lying smoothly without a conscience. In short, Kim is completely without morals. His personality is well revealed in that, without the admittance or an apology for the Rangoon, Burma incident which was carried out under his order, he insisted that the incident was

manipulated by South Korea; he insisted the June 25th incident was the start of a South Korean invasion of the North under the direction of the United States. Of course Kim insists that the tunnel incident, the Mun Sae-kwang incident, and the Yunchung gate explosion incident are "the self-imposed plays" of South Korea. It goes without saying that it is useless to have a serious conversation with the opponent who switches black to white. Expecting a progressive talks between north and South for the time being would be as difficult as "expecting to hear a whistle from a shrimp." North Korea must face the fact that they are acting according to the revolutionary strategy.

The North's intention reveals itself in its slogan "Socialist Revolutionary Task Achievement" and "Completion of Socialist Revolution in the entire country," which are shown in its party regulations, Constitution, Education System, newspapers, and magazines. The purpose of the party as stated in the party regulations newly adopted on October, 1980, is as follows: to establish a complete victory of socialism in the northern part of the Republic; to carry on the People's Liberation Democratic Revolution in the scope of entire nation; and the ultimate goal is to establish the Chuche Ideal and the Communist society.

North Korea declares that, after the August 15th deliverance from the Japanese, only the part north of the 38th parallel line is liberated and only the north established a democratic, "Classless Society." Therefore, the North feels that it is necessary to expell the U.S. military from Korea through "Anti-Imperialism/Anti-Fascism Democratic Revolutionary Struggle" and to establish the unification by seizing the political power from the present anti-communist government and establishing a "people's politics" with a pro-communism ideology. This is the method to establish a People's Liberation People's Democratic Revolution task by peaceful tactics. Furthermore, the North declares that there is another method, which is a non-peaceful tactic, to carry on a Revolution in South Korea: which is to take over the South through an active war utilizing the North's military power when the right time comes. Therefore to establish a communist unification with the combination of People's Democratic Revolution and war by maintaining a superior military power and expanding an independent war capacity. As a military strategy, the North is planning an invasion attack and short-term battle attempt: in other words, an attack on the South's command centers by a large scale air raid; a front line break through by a concentrated attack of land forces; maintenance of continuous pressure by armoured and mechanical units; rear area disturbance by guerrilla activity; and negotiation after the occupation of the capital before the arrival of external support.

A phrase on the memorial wall of the Dachau Jewish concentration camp, says, "The nation which does not remember the past will be condemned to repeat it."

We are facing the 35th anniversary of the June 25th invasion of South Korea this year. It is the 40th year since the partitioning of our country. With one eye we see the situation of the north's troops dispositions and the increase of arms, and with another eye we witness the scene of the North/South talks where the meeting seems to enhance hatred rather than love. In short our minds are frustrated and confused.

We must seriously consider ourselves and the truly tragic circumstances of the Korean Peninsula where we are living today. Is this our nation's only way of life? Is the present method the best alternative? Should we maintain the present course? We experienced the June 25th conflict by which our country was separated by foreign influence and our people held captive by foreign support. The damage of war was beyond possible description. The total casualties were 2,560,000 and the land became a burnt ground.

35 years after the war, the wound has not healed. Under the ideological net cast by foreign influence, the North and South built high walls and are living in a situation which does not allow for communication among family members. The Korean Peninsula maintains 104,000 soldiers and is paying a high price for this military expense. Due to the weight of heavy military expenditure, the economy is suffering. Consequently, development is stagnant.

Bejetius [phonetic] advised, "To preserve the peace, one must prepare for war." It is very important to sternly prepare against the North's invasion threat. However, what is more important is for us to lead the concept of exploring the way of our nation's unification, of creating the spirit of ending the separation period, and of embodying the value of the present period.

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INTER-KOREAN AFFAIRS

SOVIET-NORTH KOREAN LINKAGE EXAMINED

Seoul CHONGNYOK ANBO in Korean No 8, Aug 85 pp 18-25

[Article by Yi Ki-taek: "Background and Changes in the Soviet Union's Close Ties with North Korea"]

[Text] Those points which are the premises of the fundamental and substantial relationship between the Soviet Union and North Korea must be understood.

First of all, there is the point that all of North Korea's weapons systems depend almost totally on the Soviet Union. In particular, important major weapons systems are almost all Soviet-made and that is a fundamental issue in ultimately considering the relationship between the Soviet Union and North Korea. Actually, if the supply of Soviet weapons and their related spare parts were cut off, North Korean military power would suffer a sudden drop. North Korea already knows this well from the great difficulties they experienced in 1960 when, because they tilted toward China in that maelstrom of a dispute between China and the Soviet Union, arms from the Soviet Union were interrupted.

Second, there is the point that much of North Korea's industrial equipment as well depends on the Soviet Union for its manufacture and technology. Up to now, in many areas of North Korea's industrial technology, they have been stringing together their industry with technology imported from the Soviet Union. This is even more the case in those areas which can be called North Korea's core industries.

Just taking engineers working in these fields in North Korea, the fact that there are close to 10,000 engineers staying in North Korea tells us how great that dependency is. North Korea is in a position where they have to depend for the present on the Soviet Union not only for all their core industries but for continuing supplies of technology as well.

Third is the political participation issue of "Soviet understanding" on the Korean peninsula. This issue of a political role for the Soviet Union on the Korean peninsula has its roots in the "wartime diplomacy" during the Second World War. At the talks at Yalta the West "recognized" that the Soviet Union, as a leading participant in the war against Japan, had "interests on the

Korean peninsula." This is essentially the cause of the division of the Korean peninsula but it has yet to accord with reality.

Of course, these days China has been introduced as a new factor, but fundamentally we should view the Soviet Union's understanding of and interest in the Korean peninsula as rooted in history and recognize that as a reality in North Korean issues. That is to say, we must presume that politically as well the ties between the Soviet Union and North Korea are unbreakable.

There is a question of whether in the future there may be a new relationship in the ties between the Soviet Union and North Korea. It is a fact that, following new developments in the ties between America and China, the relationship of the past 100 years between the Soviet Union and North Korea is naturally keeping within certain limits. It is true that, while applying the diplomatic principle that they cannot stop the dispute between China and the Soviet Union over autonomy, they have been avoiding closer ties with the Soviet Union.

However, it might be that, following some new developments recently in matters concerning the Korean peninsula, North Korea and the Soviet Union might both be starting to feel the need for coordination with the Soviet Union. The question is whether or not in the future a new relationship between the Soviet Union and North Korea might unfold. There are a few signs appearing which can be studied for what the future may hold for Soviet-North Korean ties.

First of all, the start of North Korea's tilt toward the Soviet Union can be said to be Kim Il-song's departure for a 1984 visit to the Soviet Union. We cannot know the specific details of that visit to the Soviet Union but at least the significance of Kim Il-song's first visit to the Soviet Union in 100 years cannot be denied. For all practical purposes, we cannot exclude the theory that at least a new "secret military pact" was concluded between the Soviet Union and North Korea during Kim Il-song's visit there. When we look at the political rewards and military weaponry North Korea has received from the Soviet Union after that, this is even more plausible.

The slice of time between Kim Il-song's visit to the Soviet Union and the forthcoming visit to North Korea by Gromyko can be seen as begun by Kim's visit to the Soviet Union. During Gromyko's August visit to North Korea, we should see the concluding of an important military agreement between North Korea and the Soviet Union.

Second, it can be said that, in the visit to North Korea in 1984 by the Soviet Union's Vice-minister for Foreign Affairs Kapitsa as well, what was important was the military relationship between the two sides. It cannot be confirmed but it has been learned that Kapitsa proposed to North Korea that, first, Soviet naval vessels be able to call at Chongjin and Naja; second, that Soviet aircraft be permitted to make emergency landings in the northern region of North Korea; third, that patrol aircraft be permitted over North Korean territory. On the question of Naja, since the middle of 1970 many Soviet naval vessels have stopped there and it has been serving in both a commercial and a military capacity.

Third, at the same time there are signs showing some military changes by the Soviet Union toward North Korea. The biggest change is seen in reports that say the Soviet Union's TU-16 flight groups are flying out from Soviet territory over the sea, entering North Korean territory around Wonsan, and then are turning around over the Yellow Sea and returning to the Soviet Union over the same route. They did this three times: once in the last 10 days of December of 1984, again in the middle of February, 1985, and once again in the middle of March. This is an important change. That is because Soviet patrols of North Korean territory are significant not only because of their reconnaissance merely of the cease-fire line, the demilitarized zone, but, more important, because of their military character in regard to China.

That is because allowing Soviet aircraft to patrol North Korean territory actually means encircling China's southern Manchuria. This is a major change in direction of North Korea's policies toward China. At least it is difficult to interpret this any other way than the restraining of China for North Korea through Soviet power.

At least, this sort of military exchange between the Soviet Union and North Korea, that is to say, military collaboration between the two sides that cannot mean anything other than a high degree of military collaboration, can mean a deepening of the intimate military collaboration between the Soviet Union and North Korea. That is because the using of another nation's airspace militarily for flying or reconnaissance signifies a high degree of growing closer militarily.

Fourth, North Korea's importing of Soviet Scud missiles can be called a deepening of the ties between the Soviet Union and North Korea. The Scud missile truly has a much greater range than the Frog missile which North Korea has had up to now and is an important index of an upsetting of the military balance between the North and the South. This is confirmed in the comments of the former American National Security Advisor Brzezinski in November 1984. Looking at it technically, it is a matter that greatly affects the important military balance between North and South Korea.

Fifth, it is reported that Mig 23s visited North Korea around May 1985 and the Soviet Union gave them to Kim Il-song as a present for the 40th anniversary of liberation. There was also a report of Mig 23s landing at Hwangju air base. The results and changes cannot yet be confirmed, but at least it was not simply that a Soviet Mig 23 unit was visiting North Korea and landed at Hwangju air base.

We can see a two-fold significance in this. The first is that North Korea is capable of supporting Mig 23s. The second is that politically the Soviet Union has changed its attitude toward Kim Chong-il. The Soviet Union for a long time kept a firm control on Migs for North Korea, though North Korea really wanted them and the Soviets were supplying them to several Middle Eastern nations. The Soviet Union's not giving North Korea Migs had mostly political significance and is judged to have been linked to the Soviet Union's foreign policy. The Soviet Union's throwing caution to the winds in this way can be called a change in the Soviet Union's policies toward North Korea. Moreover, introducing Mig 23s as gifts for Kim Chong-il says that the Soviets have begun to approach the Kim Chong-il issue from another angle.

Sixth is Pak Song-ch'ol's visit to the Soviet Union. Pak Song-ch'ol visited the Soviet Union in May of 1985 and, what is more, he had a meeting with Gorbachev, the new leader in the Kremlin. In the joint statement that came out of this meeting, the Soviet Union and North Korea pledged the two nations to a common struggle. Moreover, Gorbachev asked Pak Song-ch'ol to convey his greetings to Kim Chong-il. At the very least, there is no mistake that this meeting between Gorbachev and Pak Song-ch'ol strengthened the ties between the two nations.

Seventh is that, along with a report that North Korea and the Soviet Union cooperated to bring that to a halt. The Soviet Union is one nation that really avoids nuclear proliferation. If it was thought impossible that North Korea's nuclear technology could have in the end come from the Soviet Union, then this can be called an important indication of a change in the ties between the Soviet Union and North Korea. The Soviet Union is actually conservative in the diffusion of nuclear technology. In spite of that a question arose of nuclear cooperation with North Korea can be called a major change in the Soviet Union's policies toward North Korea.

For North Korea the 1960's was a time when they made a major blunder in the dilemma of the quarrel between the Soviet Union and China. Early in the 1960's they caused a worsening of their ties with the Soviet Union by siding with China while avoiding Soviet revisionism. In retaliation, the Soviet Union cut off support for North Korea's 7-year Economic Plan which began in 1961. North Korea's economy is bankrupt today because of their failure to correctly grasp that quarrel between China and the Soviet Union. The failure of economic plans today is the failure of North Korea's vital 7-year Economic Plan, which ended up in total failure despite a 3 year extension, all due to the Soviet refusal of aid and support.

Accordingly, the salient point today is that what made it possible to restore North Korea's ties with the Soviet Union to this extent is the fall of Khrushchev. It was around 1965 that it was possible to restore ties with the Soviet Union through a few compromises with the Soviets. However, relations with China worsened.

This was the time when Kim Il-song was criticized in China in wall posters at the time of the Cultural Revolution which said "Kim Il-song exploits the proletariat while living like a king" and "he wears red silks and satins and lives luxuriously." He received a blow from China at that time. In other words, he could find no place to hold onto in that crevice of a struggle between China and the Soviet Union. This was a problem and a mistake caused by Kim Il-song grasping the situation in terms of the cold war and not sensing the changes in East Asia and by his not expecting the new order in Asia or the changes in China today.

Here they seized upon their Chuche ideology as a principle of last resort. Actually, looking at Chuche as the fundamental principle of North Korea, rather than being some autonomous political stance it is a political principle with the aim of passively avoiding Chinese and Soviet influence.

Moreover, it does not originate in the national value system. It is only a principle that came out of wondering how to escape the China-Soviet Union dilemma.

After the Nixon Doctrine urging change in Asia, such as reconciliation between China and America in the 1970's, North Korea was totally bewildered. North Korea wants to negotiate with the United States, with those negotiations focused on the withdrawal of American forces, while expanding contacts with America through the Chinese. This began with the so-called "proposal to America for peace negotiations" in March 1974. This is a proposal for negotiations between the United States and North Korea over the stationing and withdrawal of American forces.

North Korea wants a favorable breakthrough to a new situation on the Korean peninsula through negotiations with the Americans. However, there is a rigid condition blocking the way. That is the problem of North Korea switching from its "one Korea policy" to a "two Korea policy." The problem is that North Korea must recognize South Korea as an autonomous political entity and must recognize it as an object of peaceful methods.

North Korea's position that there must be only one Korea means in actuality the "liberation" of South Korea and means maneuvers and propaganda against the South. An absolute dilemma for North Korea is that in negotiations with the Americans they would have to abandon that policy of one Korea which they have been holding fast to from the first. That is to say, this means they would have to abandon their policy of a revolution in the South.

However, in case North Korea abandoned its one Korea policy, that is to say, its policy of a revolution in the South, it would have to revise the logic of its internal policies. Up to now, North Korea has been propagating a categorically authoritative internal policy logic within the logic of "South Korea must be liberated." To revise that means to revise the internal policies of North Korea. However, if they put aside that one Korea policy it will be the collapse of the ruling logic of North Korea. At the very least, this explosive revision cannot be avoided.

This is where North Korea's political limits came from in the 1970's. That is to say, there were limits to such policies as that policy of approaching America by North Korea tilting toward China. This was a limit on North Korea's working through a policy of drawing closer to China. In their diplomacy of working through a policy of drawing closer to China, North Korea has not put much trust in China. North Korea does not completely trust China as far as China's drawing closer to the United States is concerned. They only want to use China to make the most of the changes in the international situation since the Nixon doctrine. It can be said that in this period of North Korea tilting toward China, China was not the problem. Problems arose from North Korea's policies toward the United States. Actually, the tripartite talks which North Korea proposed is the culmination of this. That is the reason for all the gestures they made toward negotiations with the South, as if implying recognition of South Korea.

However, we know well one limit for North Korea in their policies for drawing closer to China or, through China, to America. In the middle 1970's North

Korea actually tried to shift from the center to again draw near to the Soviet Union. What is important here is that the ultimate and final target of North Korea's approaching America through China is the other side of the coin, the Soviet Union. From the Chinese position, the aim of North Korea's constant and persistent approaches to America can be said to be to win some concessions from the Soviet Union. That is to say, North Korea, by making it look as if their negotiations with America are genuine negotiations, causes the Soviet Union a great deal of anxiety and the Chinese side can see that the aim of North Korea's approaches to America is to win those concessions and rewards which North Korea wants from Moscow.

In other words, the question is whether it is truly America or the Soviet Union which is North Korea's ultimate diplomatic target. North Korea's intention can be said to be to approach America in a plausible fashion to spark great anxiety in the Soviet Union and gain large rewards by suddenly talking again with the Soviet Union.

This can be said to be the meaning of Kim Il-song's 1984 visit to the Soviet Union. In the last analysis, it can be said that the substance of this policy of a series of rapid-fire approaches to the Soviet Union discussed above, beginning with the 1984 visit, originates here. In this sense, North Korea's policy of drawing closer to the Soviet Union quietly but quickly can be seen to carry great significance.

North Korea's new course today is an issue that can have great influence over not only the Korean peninsula but all East Asia as well. The issue that confronts us today is whether North Korea will open its doors to the West as suggested by China or, if not, will return to the Soviet Union as the "fatherland of socialism," as North Korea called it in the early years of liberation. The changes in the ties between North Korea and the Soviet Union which can come out of the forthcoming visit by Gromyko to North Korea in August can bring great changes to the entire Korean peninsula. Needless to say, this will create new changes in South-North Korean relations and, also needless to say, it will greatly influence the relations of the world powers surrounding Korea.

The question for North Korea is whether to return to the Soviet Union, which is their fountainhead and "the fatherland of socialism" or whether to open up to the West by going through China. In order for North Korea to open up to the West, there is an important condition. A revision of the policies of one Korea and the "liberation of South Korea" which North Korea has held on to for some 40 years is unavoidable.

However, when North Korea lowers the banner of the one Korea policy, they will modify the "revolutionary logic" which is the foundation of Kim Il-song's authority and this means nothing other than that the foundations of the governing logic of North Korea will collapse. Accordingly, in regard to the question of which path North Korea will follow, with North Korea modifying its one Korea policy but not abandoning it and not abandoning the policy of liberating South Korea under the policy of one Korea, its tilt toward the Soviet Union appears as a natural shift.

From this point, the reconstruction of new ties between North Korea and the Soviet Union which will be completed with Gromyko's visit in August can be said to be an issue which must be given a lot of attention.

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INTER-KOREAN AFFAIRS

CURRENT ECONOMIC CONDITIONS IN NORTH KOREA EXAMINED

Seoul PUKHAN in Korean No 8, Aug 85 pp 170-182

[Article by Kim Nam-kwon, research staff member of the Center for Research on North Korea: "Realistic Conditions of the North Korean Economy and Its Tasks: Economic Difference Between North and South Koreas and Deterrent Factors in the Economic Development of North Korea"]

[Text] Forty years have elapsed since the history of our nation's march resumed its advance after a temporary stop caused by aggression of Japanese imperialism. During this 40-years of history, our people wisely overcame a great number of historical sufferings, including the June 25 Incident, a great tragedy of the nation.

However, the beginning of an unexpected tragedy called "division" of the land became a reality to the nation while enjoying rehabilitation. The back of the land was cut: the north was given to the red group; and a free democratic state was first established only in the south. Different political establishments of North and South Koreas, whose ideologies are different from each other, have made economic development of the two differ greatly from each other at the 40th anniversary of the division. When the Korean peninsula was liberated from the colonial rule of Japanese imperialism, the economic system in the Korean peninsula was a slave economy subjugated to Japan's economy: structural imbalance and fundamental weakness were prevalent throughout North and South Korea. The economy of the Korean peninsula at that time: 98 percent of equipment capital, 83 percent of the total production, and 84 percent of the management were owned by the Japanese. And 68 percent of technical manpower was occupied by Japanese. To make the matter worse, economic conditions of South Korea were very unfavorable in terms of structure, when the North-South division came.

The Korean peninsula, as it is, has plains in the south and mountains in the north. In terms of industrial structure, South Korea's prime industry is agriculture supported by light industry, whereas North Korea's chief industry is mining with heavy industry at its center--a distribution in which both sides have strong points and supplement each other's weak points. Thus, when the division came, South Korea had two thirds of the total population of Korea and fell into the status of an agricultural state because most underground resources and industrial facilities were located in North Korea.

However, during the 40 years of division, the ROK recognized private ownership of property, implemented measures to develop key industries, sought a positive open-door policy, and placed emphasis on export markets. Thus it liquidated the poverty and confusion of the past and successfully achieved high economic growth that surprised the world. On the other hand, North Korea sought development within the limit of certain value concepts designed to achieve the following political objectives: to establish Kim Il-song's absolute personal power, to consummate the communist despotism on the basis of that power, and to lay the material foundation for achieving unification by means of communizing the South. Thus various factors deterring economic development, such as the shortage of capitals, degradation of technology, imbalance among industries, and inefficiency of government officials in charge of economic administration, manifested themselves. Thus North Korea failed to maintain its economic superiority over the South, which it had when the division came. It has failed to get out of the underdeveloped status and is repeating the vicious cycle of poverty.

Thus, at this juncture when 40 years have elapsed since the division, the economic difference between North and South Koreas is being expanded gradually. In terms of economic scale, the ROK is more than five times as large as North Korea. The ROK is greatly overwhelming North Korea in economic achievements in all fields, except for the development of underground resources, that is, in heavy and chemical industries, light industry, and exports.

#### Phenomena of Heterogeneity in Economic Systems and Economic Policies of North and South Korea

During the 40 years of division, the economic systems and economic policies of North and South Korea have effected an extremely great heterogeneity. In terms of ownership system, primarily, the ROK adopted the private ownership system, whereas North Korea adopted the social ownership system. On the basis of a free economic system, the ROK basically recognizes private ownership; and therefore all the means of production are owned by private citizens in principle. However, in North Korea, fundamentally under a socialist economic system, private ownership is denied and, on that basis, the ownership of means of production has been socialized entirely.

Under such different ownership systems, North and South Korea differ also in the distribution of resources and the initiative of economic activities. In the ROK, the distribution of resources and economic activities take place by means of market structure, whereas in North Korea, the planned economic system is in effect so that the distribution of resources and economic activities take place uniformly in compliance with centralized planning. In terms of the function of economic organization, too, the ROK has an automatic adjustment mechanism that functions autonomously through the market economy organization, whereas, in contrast with that, North Korea has a controlled centralized mechanism that is operated and managed on the basis of the plans unilaterally made by the central authorities.

The market economy of the ROK is such that economic activities are aimed at seeking private profit, that the surplus earned as a result of economic

activities goes to the owner of private capital as a profit, and therefore that most of such profits become a source which supports capital accumulation. However, in the planned economy of North Korea, the purpose of economic activities is to meet "the demands of the state itself." Namely, all economic activities are carried out collectively by the central planning authorities, which are highly centralized; and the profit earned there, too, goes to the whole state. Thus, despite the fact that the market economy system is such that the right of individual economic entities to freedom and equality is respected and that the most reasonable economic activities take place through the autonomous price mechanism, the planned economy system gives priority to serving the objectives of the state rather than to freedom and right of individual entities. Thus, even if private economic entities are sacrificed, strong central planning authorities lead the economy: they plan and control it completely. All economic entities, other than the planning authorities, are heteronomous and passive in nature.

Furthermore, the ROK economy is an open-door system, whereas North Korea holds fast to a closed-door system in conformity with the Stalin formula called "a single nation socialism." Namely, at a meeting of representatives of the Workers Party held in 1966, North Korea emphasized its isolationist closed-door system by declaring that "the most important problem arising in the socialist construction is that the party's consistent policy is to build an independent national economy in conformity with the principle of self-reliance." Such an ideological system is a dogmatic imitation of the Stalin type "single nation socialism" which declares that "each nation must secure its comprehensive industrial foundation."

Under such economic systems of heterogeneity, North and South Korea differ in their policy of developing economy. Namely, the ROK's objectives of economic policy are to improve the nation's welfare and achieve an independent economy, whereas North Korea's objective is to increase its military power in order to attain unification through communization of the South. In other words, North Korea gives its first priority to the policy of developing, first of all, the heavy industry whose nucleus is in the machine industry and to develop simultaneously light industry and agriculture, for the purpose of "achieving unification by means of communizing South Korea."

As mentioned above, to sum up briefly the contrastive phenomenon in the economic systems and policies of North and South Korea, the ROK's economic system and policy are aimed at bringing about improvement of the people's living, whereas North Korea's objectives are to maintain the despotic power and to attain unification by means of communizing the South. Such a difference itself provides the factors that cause weaknesses in the economic development of North Korea.

#### Comparison of the Gross Volume Index and Financial Index of North and South Korea

The distribution of underground resources in the Korean peninsula is such that most of underground resources are in the region of North Korea and the main agricultural resources are in the region of South Korea--to the extent that

the distribution may be called "agriculture in the south and industry in the north." According to the statistics compiled at the time of the August 15 Liberation, more than 90 percent of iron ore, a foundation of heavy industry, 87 percent of anthracite coal, and 98 percent of bituminous coal were in North Korea; and, 92 percent of water resources and power generation were supplied by areas in North Korea. Due to the fact that such underground resources and power resources were located only in regions of North Korea, 80 percent of heavy industry in the Korean peninsula were concentrated in regions of North Korea. On the other hand, South Korean regions have many plains and good climate conditions; thus South Korea was in far more favorable conditions of location than North Korea in terms of agricultural produce, travel, and transportation.

However, when the August 15 Liberation came, Korea was divided into two--the north and the south. Thus the existing complementary economic development factors were lost entirely. Then the North and the South had to make respective efforts for independent economic construction separately. Starting from the August 15 Liberation, the ROK adopted a free capitalist economic system: its economy was managed in such a way in which decisionmaking in each economic unit was decentralized; and the management system of business enterprises was self-accounting. In North Korea, on the other hand, a despotic socialist economy system was established: private economic activities were denied. Thus its economy was managed and operated by state-owned or cooperative organizations. However, North Korea failed to utilize the strengths of its economy at that time. Thus, even today when 40 years have elapsed since the division, North Korea is still falling behind the ROK economically and has a vicious cycle of poverty. Although the ROK was weak in terms of natural resources, it effectively utilized its own resources and actively pushed an open economic development policy. Thus it is marching toward the advanced economy sphere from the semi-advanced country level. North and South Korea thus are in distinct contrast with each other.

As for the populations of North and South Korea, in 1946--the early days of the division--the ROK's population was 19,310,000 and that of North Korea 9,250,000: the difference was near the rate of 3 to 1. But, during the June 25 Incident, 2,550,000 or one fourth of North Korea's population came over to the South. And in 1945 [as published], the population difference between North and South Korea reached the ratio of 3 to 1. As of 1984, the population of North and South Korea is estimated as follows: the ROK 40,578,000 and North Korea 19,324,000. The difference reached the ratio of 2.1 to 1.

As for the gross national product (GNP), which represents a nation's economic growth, as of 1984, the ROK's GNP was 80.2 billion dollars and North Korea's was 14.7 billion dollars: the difference was at the ratio of 5.5 to 1. According to a survey report of the World Bank, in particular, as of the end of 1979, the ROK's GNP was 30th among 184 nations of the world, whereas North Korea's GNP was rated in "the lowest level group," as it was revealed. In the rate of economic growth, too, the ROK's rate is 9.5 percent and North Korea's 4.3 percent: the ROK's rate is more than 2 times higher. Despite such an economic growth difference, the ratio between the military expenditure and GNP in the ROK is 5.2 percent, whereas that of North Korea is 23.4 percent. Such a rate in North Korea becomes a factor slowing down economic growth there.

Comparison of Gross Volume Index of North and South Koreas (as of 1984)

<u>Section</u>	<u>Unit</u>	<u>ROK</u>	<u>North Korea</u>	<u>Ratio</u>
GNP	0.1 billion dollars	802	147	5.5 : 1
Per person	dollar	1977	762	2.5 : 1
GNP Economic growth rate	percent	9.5	4.3	
Ratio between military expenditure and GNP	percent	5.2	23.4	

As for the financial indexes, the private property system and civilian economic activities carry a great weight in the ROK and therefore the weight of finances in the national economy is comparatively small. On the other hand, North Korea's finances reflect all fields of economic activities and the weight of finances there is far greater than that of a capitalist country.

As of 1984, the scale of finances of the ROK is at 13.1 billion dollars, whereas that of North Korea 11.1 billion dollars or at the level of 84 percent of the ROK's scale. The military expenditure as of the end of 1984 was \$420,000 dollars [as published] in the ROK, whereas it was 340,000 dollars [as published], or at the level of 80 percent of the ROK's military expenditure, in North Korea. Thus the ratio between finances and military expenditure as of the end of 1984 was 33 percent in the ROK and 30.9 percent in North Korea.

Major Financial Indexes of North and South Koreas

<u>Section</u>	<u>Unit</u>	<u>ROK</u>	<u>North Korea</u>
Scale of finances	0.1 billion dollars	135	111
Military expenditure	0.1 billion dollars	42	34
Ratio between finances and military expenditure	percent	33.0	30.9
Per person military expenditure	percent	108	180

Phenomena of Differences Between North and South Koreas In Their Economic Strength of Each Field

To compare the current economic strength of each field of North Korea with that of South Korea, first of all, as for the mining industry, more than 80 percent of underground resources and power resources are located in regions of North Korea--an uneven distribution. However, the distribution of molybdenite, manganese, and uranium ores is such that South Korea has a little more of them than North Korea. North Korea, however, failed to utilize its resources effectively for economic development and consequently its industrial production is falling far behind that of the ROK.

## Reserves of Major Metal Resources

(Unit: 1000 tons)

<u>Name of Metal</u>	<u>Unit (%)</u>	<u>South Korea</u>	<u>North Korea</u>
Iron	20 - 90	200,000	3,000,000
Tungsten	65	185	232
Molybdenite	90	32.5	2
Nickel	3	217	1,200
Manganese	40	1,250	200
Gold	100	0.5	1
Silver	100	2.5	5
Copper	100	80	75
Lead	100	-	29
Zinc	100	640	12,000
Magnecite	45	-	6,500,000
Uranium	0.3-0.5	56,000	26,000
Anthracite coal	64,500	1,450,000	11,740,000
Bituminous coal	64,500	5,000	3,000,000
Limestone	50	10,000	149

In the capacity of power generation--the motive power of all industries--as of the end of 1984, the ROK's capacity was 14,190,000 kwh or 2.4 times as large as that of North Korea. In the production of steel--by which the standards of national strength and industrialization may be evaluated--most of steel production was in regions of North Korea before the August 15 Liberation. However, at the present, the ROK is far above North Korea--the former is 3.3 times larger than the latter. In other fields, such as automobile production, shipbuilding, oil refining, and cement production, North Korea is still absolutely inferior to the ROK.

In the production of machine tools, North and South Koreas are almost at the same level. However, in the coal production, non-ferrous metal production, and chemical fertilizer production, the ROK is more or less behind North Korea.

In the light of facts cited above, North Korea's heavy industry production capability, which was superior to that of the ROK at the time when the division came, began falling behind the ROK's, and, at the present time when 40 years have elapsed since then, North Korea, on the contrary, is far behind the ROK, as the facts indicate.

Meanwhile, in the production of light industry goods, North Korea is still falling greatly behind the ROK. The ROK has reached the level of advanced countries in the production of various electronic goods, including television sets, washing machines, and refrigerators. It is meeting its own demands and further the surplus is being exported. North Korea, on the other hand, is still at the 1960's level of the ROK in terms of the electronic goods production level: its production capacity is even failing to meet its own demand and, for the most part of those goods, it depends on imports, as the facts indicate.

Next, let us look at the field of agriculture. As of the end of 1984, the acreage under cultivation of North and South Koreas is as follows: 2,180,000

chongbo in the ROK and 2,130,000 chongbo in North Korea--at a similar level. However, the acreage of paddy lands, among cultivated lands, in the ROK is 1,310,000 chongbo and that of North Korea 640,000 chongbo: the ROK's is approximately 2 times as large as that of North Korea. As for the acreage of plowed lands, that of North Korea is approximately 2 times as large as that of the ROK.

On the basis of facts cited above, let us look at the production of foodstuffs in North and South Koreas. As of the end of 1984, the ROK produced 7,320,000 tons of polished grains; 5,680,000 tons of rice, 1,270,000 tons of miscellaneous grains, and 370,000 tons of millet. North Korea, meanwhile, produced 5,600,000 tons of polished grains: 2,210,000 tons of rice, 3,160,000 tons of miscellaneous grains, and 230,000 tons of millets.

In light of facts cited above, we may say that the ROK overwhelmed North Korea in rice production, whereas North Korea is producing primarily miscellaneous grains--a characteristic phenomenon in the field of agriculture.

**Agricultural Foundation of North and South Koreas and Their Produce  
(As of the end of 1984)**

<u>Section</u>	<u>Unit</u>	<u>South Korea</u>	<u>North Korea</u>	<u>Ratio Between North and South</u>
Acreage under cultivation	10,000 chongbo	218	213	1:1
Paddies	" "	131	64	2:1
Plowed lands	" "	87	150	0.6:1
Output of food-stuffs	10,000 tons of polished grains	732	560	1.3:1
Rice	" "	568	221	2.6:1
Miscellaneous grains	" "	127	316	0.4:1
Millets	" "	37	23	1.6:1

Formerly, railroads were the nucleus of means of transportation. Nowadays, means of transportation are more diverse in that highways, maritime transportation, and airways have developed. However, railways are still playing an important role in transporting freight. The railroads in the ROK, as of the end of 1984, are 6,129 km in length and, among them, electric railways are 428 km or 7 percent. Further, it has the following rolling stock equipment: 1,002 locomotives including 386 diesel locomotives, 2,132 passenger cars, and 16,055 freight cars. However, in the case of North Korea, railway transportation is more prevalent than highway transportation because of its steep topographical conditions and separate locations of east and west coasts. As of the end of 1984, it has railroads of 4,441 km in length and, among them, electric railways are 60 percent or 2,700 km in length. Its percentage of electric railway is higher than that of the ROK. It has the following rolling stock: 860 passenger cars and 21,000 freight cars.

Highway transportation is growing with each passing day. As of the end of 1984, the ROK has 54,550 km of highway and, of that, high speed highways are 2.6 percent or 1,420 km in length. The percentage of paved highways is 49 percent.

On the contrary, in the case of North Korea, highways are very poor compared with railways. As of the end of 1984, highways are 21,000 km in length: high speed highways are 1.1 percent or 240 km in length. The percentage of paved highways is only 12.8.

Meanwhile, maritime transportation in the ROK increased with each passing day as its economy developed. As of the end of 1984, the harbor loading and unloading capacity of the ROK is 112,000,000 tons; and overseas service ships' tonnage reached 7,030,000 tons. Compared to that, in the case of North Korea, which is incapable of connecting sea transportation of east and west coasts, and whose shipbuilding industry is still backward, its harbor loading and unloading capacity is 32,000,000 tons and overseas service ships' tonnage is 620,000 tons.

Let us take here a comprehensive view of the means of transportation of North and South Korea. Although the ROK is at high standards, compared to North Korea, in terms of the total length of railroads and highways and of the tonnage of overseas service ships, North Korea got ahead of the ROK a little in terms of the total length of electric railways. However, in the case of the ROK, railways, highways, and maritime transportation are organized harmoniously and operated smoothly. North Korea, on the other hand, gives too much importance to railways. It has had continuous transportation hardships, which became a deterrent factor to its economic development.

As for foreign trade, both North and South Koreas are small in their territories and their resources are scarce. Thus it is in fact impossible for them to develop economy by expanding foreign trade. Thus, the ROK, from the beginning, adopted an open-door policy and expanded trades and economic cooperation. It implemented policies of industrialization in conformity with that stand; and it has continuously implemented such economic development policies which put emphasis on exports. However, North Korea adopted such a policy under which foreign trade should be subordinate to the domestic economy. It imported those goods needed in its socialist economic construction in compliance with a definite import plan of its own. Export plans are implemented in such a way in which that import plan may be carried out. Thus its foreign trade formula is that of "imports first and exports next."

Scales of Foreign Trades of North and South Korea in 1984  
(Unit: 0.1 billion dollars)

<u>Section</u>	<u>Total</u>	<u>Exports</u>	<u>Imports</u>
ROK	560	293	307
North Korea	27	13	13
Ratio	21:1	23:1	24:1

Due to such differences in foreign trade policies between North and South Koreas, as of the end of 1984, the total amount of foreign trade of the ROK is \$56 billion--indicative of a big growth--whereas North Korea is lingering at the level of \$2.7 billion or 1/23 of the ROK. Furthermore, in the amount of exports, the ROK got \$29.3 billion, whereas North Korea got only \$1.3 billion--the difference reached a ratio of 23 to 1.

As for the structure of export goods, in the case of the ROK, manufactured products occupy 90 percent and primary goods only 10 percent, whereas the case of North Korea shows a phenomenon opposite to the case of the ROK: primary products occupy 70 percent and manufactured products approximately 30 percent. The structure of export goods of North Korea is still backward.

Comparing the levels of economic development of North and South Korea, one finds the following characteristics:

When the division came, the situation was more favorable to North Korea than to South Korea because of the comparatively rich underground resource deposits in North Korean regions and the heavy industry production bases left there by Japanese imperialism. However, after the division, the ROK adopted a free democratic system, whereas North Korea established a communist regime. North and South Koreas implemented different economic development policies. Thus the superiority of North Korea in economic development of the past is entirely lost and the situation got reversed. At the present juncture when 40 years have elapsed since the division, North Korea's economy is repeating a vicious cycle of poverty at the level of underdeveloped countries. On the contrary, the ROK is dashing ahead toward the advanced economy sphere from the medium economy sphere. We may call this a victory of a free democratic nation over communism.

#### (1): Socialization of Means of Production and the Principle of "Self-Reliance"

As the theory of socialist economy goes, the exploitation of man by man is "in the private ownership of means of production at the stage of capitalism." Therefore, the starting point of socialist economy may be at the social ownership and management of all means of production. North Korea, too, allowed such a dogmatic socialist economy theory and established the state ownership of all means of production.

After the liberation, North Korea organized "the North Korean People's Committee" under the military government of the Soviet Union in February 1946 and built a foundation for communization. In March 1946, it carried out a land reform designed to change the land ownership [system] for the first time under the good name of so-called "democratic reform." Thus, as of 1949, business enterprises operated directly by the state or owned by cooperatives occupied 90.7 percent of the whole industrial production, 3.2 percent of agricultural production, and 5.6 percent of service fields. Then during the period 1953-1958, North Korea carried out the cooperativization of agriculture and the socialization of the fields of private commerce and industries. And, by the end of 1958, an overall "social ownership system" was established in the fields of industry, agriculture, and commerce.

Thus North Korea socialized all means of production and thereby abolished private ownership once and for all. Plants, mines, banks, railways and other transportation means, communications, and large scale farms are being operated directly under the social ownership. And agriculture, fisheries, and service businesses are being run directly under the cooperative ownership.

Furthermore, at the eighth session of the fourth plenum of the Workers Party held in February 1964, North Korea emphatically declared that "the cooperative ownership would be shifted to the entire people's ownership." Then, at the Sixth Congress of the Workers Party held in October 1980, North Korea again declared that "the cooperative ownership would be gradually shifted to the entire people's ownership."

Consequently, all means of production in North Korea were socialized and all private ownership entities were abolished; and the Kim Il-song group took control of all means of production. Workers and office workers degraded to mechanical wage earners: their own creativity was completely wiped out; formalism, bureaucracy, and other economic irregularities spread. Such a situation is playing the role of reverse functions against economic development and greatly damaging economic efficiency.

At the same time, North Korea continuously emphasized "the policy of building up an independent national economy" on the basis of a principle of closed "self-reliance." Originally, the Soviet Union under Stalin's rule called for "self-reliance" with the background of stupendous material and personnel resources in order to overcome an unfavorable international environment in the early days of the Soviet Union. Self-reliance is anything but a proposition of the Marx economics. However, North Korea, contrary to the Soviet Union, faced with the situation in which it is very poor in population, income, resources, and markets, has consistently pushed "the principle of self-reliance." Thus it incurred a fatal blow, in overall effect, to its economy.

Setting forth "the principle of self-reliance" as a fundamental principle of its economic construction, North Korea is applying it in all economic activities prior to any other principles. North Korea defines "the principle of self-reliance" as follows: "To mobilize maximally the power and technology of its people and the resources of its country and thereby to push revolution and construction"; and "both in revolutionary struggle and construction work, self-reliance comes first and supports and aid from outside come next, and, through self-reliance revolution and construction can be effected maximally and contributions can be made to the development of the international revolutionary movement, too."

"The principle of self-reliance" described above was officially announced for the first time in Kim Il-song's speech made at a meeting of representatives of the Workers Party which was held in March 1958. At that time, Kim Il-song emphatically declared that "the foundation of an independent national economy would be built by thoroughly eliminating the colonial eccentricity and backwardness of industries." After that, in 1966, at a meeting of representatives of the Workers Party, Kim Il-song emphasized "the principle of

self-reliance" by saying as follows: "It is our party's consistent policy to build an independent national economy in compliance with the principle of self-reliance. In particular, ...the current situation, in which intricate problems are arising inside the socialist camp, makes it imperative for us to strengthen further the foundation for an independent economy." Furthermore, North Korea declared the enduring importance of "the principle of self-reliance" when it set forth fundamental objectives of the second 7-year plan in the following way: "To push chuchéization, modernization, and scientification of the national economy, to improve further the standards of industries and of material and cultural life in order to develop rapidly the overall economy, including industries and agriculture, then to enable all workers to lead a rich and civilized life--fundamental objectives--in order to successfully carry out these objectives, it is imperative for the party and government to hold fast to the revolutionary line of self-reliance."

However, the more North Korea emphasizes "the principle of self-reliance" of building its economy without economic cooperation with foreign countries, the more severe an impasse it is to face. The reason for that is: that continuous implementation of "the principle of self-reliance" would make North Korea unable to acquire trade profits through transactions in international trades; and that the reduction in the market scale would make it impossible to realize a structural economy and, further, would wipe out opportunities for contacts with advanced technology--these have become serious deterrent factors against economic development.

Thus as its trade scale was cut down, North Korea came to face a severe shortage of foreign currency funds. It struck a snag in introducing equipment and technology of advanced countries--serious deterrent factors in economic development.

## (2) Centralized Economic Control

North Korea interprets economic control as follows: that is "to carry out the function of command over the process of social production." In other words, it is a function of command which guarantees in time those means of production and labor needed in production, and which accelerates production activities. Furthermore, what is most important in the function of command of economic activities is "to give priority to political work." And "no problem of economic development can be solved without politics," as set forth by North Korea.

In its "Taean work system," too, North Korea sets forth principles of economic management on the basis of the principles described above. In this system, North Korea maintains a centralized management system, in which the party takes complete control of management of business enterprises. Namely, North Korea's Workers Party plays a decisive role in all economic activities. The party's guidance department not only makes decisions on all economic policies but also supervises and controls the implementation of the policies: it is actually the highest power organization.

All administrative departments of the Administrative Council shall carry out their work activities in compliance with orders of the party. Thus they regularly submit reports to the Central People's Committee and the Central Committee of the party. In other words, departments and committees of the Administrative Council of North Korea are nothing but organizations designed to implement the party policies.

Therefore, in terms of economic control, the party is exercising, in a direct form, regular auditing rights over all economic units: it approves plans made by economic units; it approves or rejects appointment of cadres of economic units. And, in an indirect form, it carries out economic control through the education of the party members conducted by "the primary level committees" which are infiltrated into the organization of economic units. In this way, the party organization, which is infiltrated into the management organization of all economic units, interferes in all activities of departments and committees. Even orders of department heads, in fact, cannot take effect without the consent of the party chairman.

Such departments and committees, central level administrative units, are under the direct control of departments-in-charge-of economic-affairs of the Central People's Committee and the Central Committee of the party and also under the control of the party committees organized within those administrative units. In the provincial and county level administrative units, too, primary level party committees are organized in them and control those administrative units, while the party committee of each administrative unit sees to it that the unit will familiarize itself with the party policies and implement them thoroughly.

Even at the level of business enterprises, the party committees are organized there. The party leadership is firmly and systematically established there to control activities of business enterprises under "the Taean work system." Special class, first class, and second class business enterprises are placed under the control of the provincial party committee, while the third class and lower class business enterprises are under the control of the county party committee. Furthermore, all business enterprises are under administrative control of those administrative organizations under whose jurisdiction they are located.

In this way, all economic units in North Korea are under the party-oriented control of the party organizations as well as under the administrative control of those administrative organizations under whose jurisdiction they are located. Thus they are under a dual subordination system. And, in principle, the party control takes precedence over the administrative control. Thus the party's preferential right is substantially recognized over economic activities.

Thus all economic activities in North Korea are under such centralized, party-oriented, and bureaucratic controls. Production, distribution, and circulation are carried out in compliance with those economic plans and directives set forth for the cause of political objectives of socialist and communist construction.

Such an economic control conducted in compliance with centralized plans not only restricts creativity of lower level organizations in their economic activities but also makes upper level organizations without the knowledge of the situation prevailing in the lower level organizations. Thus errors are made in the process of planning, needless to say. There will be excessive target setting; in particular, in such a situation in which all economic setups are running around the cogwheels of plans, if a business enterprise fails to accomplish its target, related business enterprises are to face a grave hitch in accomplishing their targets. Thus a negative effect is to be brought about in implementing overall economic plans.

### (3) Inefficiency in Economic Management

At the 10th session of the 6th plenum of the Central Committee of the party held on 14 December 1984, North Korea decided to transform gradually the budget-system business enterprises into independent-economic-accounting-system business enterprises in order to inspire workers with the desire to increase production, to improve productivity, and thereby to overcome current economic difficulties. What North Korea called independent economic accounting system here is as follows: under the system, except for the budget system organizations, plants and business enterprises carry out economic activities in compliance with the state economic plans; the equipment, materials, man power, and funds needed to carry out economic activities are supplied by the state; and evaluation of the system will be made in accordance with how much of the state plan was carried out.

However, contrary to the so-called "budget system business enterprises," which are operated entirely on the basis of the state budget, economic activities are carried out relatively independently in terms of management and in the evaluation of results of labor, priority is to be given to workers' mission consciousness; and material incentive is to be provided. Thus material incentives are utilized to supplement political-ideological means. Furthermore, it was clearly stated that the independent economic accounting system is a means designed to materialize the demands of "the Taean work system" which is a form of communist business management. While "the Taean work system" is set forth as a fundamental principle governing economic management, the independent economic accounting system shall be utilized as a supplementary means, as clearly declared by North Korea.

Meanwhile, "the Taean work system," which North Korea set forth as a technical means of management of industrial operations, is a technical means of plant management set forth by Kim Il-song when he gave on-the-spot guidance while he was visiting the Taean Machine Plant, South Pyongan Province in December 1961.

The essence of the technical means of industrial management called "the Taean work system" is to emphasize the political and moral incitement rather than economic spurs under the party's collective leadership and to improve efficiency in economic activities by means of materializing the mass line and of stepping up centralized planning and management. The implementation of the mass line mentioned here is to see to it that the masses' self-conscious enthusiasm and revolutionary enthusiasm will be highly displayed

and broad working masses will be mobilized in the aspects of production and management. To give priority to "the political work" in economic management is to inspire workers with mission consciousness toward the Kim Il-song establishment of dictatorship and to improve their creative positiveness.

Thus, as North Korea conceives it, economic management shall be carried out basically in such a way in which the party is the center of management of an old-fashioned socialist formula, in which incentives for labor activities are ignored entirely, and in which economic activities are carried out along with the promotion of mission consciousness toward the Kim Il-song establishment of despotism. Then the independent economic accounting system is utilized as a supplementary means. But North Korea declared that the independent economic accounting system, a capitalist management formula, had been adopted inevitably in the transient period of proceeding from a socialist society to a communist society.

As described above, in order to overcome its chronic economic difficulties, North Korea set forth "the Taean work system" as a basic means and adopted, as a supplementary means, the independent economic accounting system, a capitalist economic management technique. However, since North Korea holds fast to the centralized planned economy system, production targets are set forth excessively high at the upper level quarters, while the lower level quarters try to set forth production targets as low as possible. Thus antinomic problems are arising one after another. Furthermore, North Korea's economic management structure is a ternary system supported by the overall control of the party, the Administrative Council's guidance, and the guidance and implementation by the Economic Guidance Committee; directives from higher quarters, such as Kim Il-song and Kim Chong-il, are complicated and often contradictory to one another. Thus intentions of upper quarters fail to reach lower quarters and confusions arise in setting up priorities. Consequently, the consistent implementation of production and plans becomes, in fact, difficult. On top of that, the lack of professionalism in the quarters of economic management and the administration-almighty type guidance formula, which ignore actual circumstances of lower quarters, are greatly reducing economic efficiency. Furthermore, placing emphasis on the improvement of productivity through political and moral incitement, under the centralized command economic system instead of through material incentives which should precede, is lowering labor productivity.

Due to such contradictions in economic management, economic contradictions of all hues, including bureaucracy and opportunism in the stratum of managers, are wide spread in North Korea. Furthermore, the working-class has become passive and impotent; it has lost its creativeness and positiveness.

#### Essential Prerequisites for Turning North Korea into an Advanced Economy

At the present juncture when 40 years have elapsed since the division came, North Korea has completely lost its economic superiority it had when the division came and is still at the level of "a backward country," whereas the ROK is making a forceful advance from the semi-advanced economic sphere to the advanced economic sphere, to sum up the situation. Under such reversed

economic realities, what can North Korea do to overcome economic backwardness and to get ahead to seek the advanced status?

Firstly, it is an urgent task for North Korea to soften the stiffness of the planned economy system. While keeping up the strong foundation of its proletarian dictatorship, North Korea socialized means of production, and held a view that economic development is possible only under the condition that economy can be developed in a planned and balanced way. And it set forth the legal duties of all economic units as follows: all units shall carry out their economic activities in accordance with the economic plans made in advance on a society wide scale; and they shall thoroughly carry out the tasks assigned to them in accordance with economic plans. However, when economic activities which rely on thorough planning lose flexibility, creativity disappears first of all. Furthermore, a failure of one field in accomplishing its plan brings about failures in related fields; and thus the overall economy comes to face problems as a result.

Thus it is necessary for North Korea to soften gradually in its economic operations the stiffness of its planned economy.

Secondly, it is imperative that North Korea ease its centralized economic management system, give discretionary authority to lower level organizations, and thereby activate the economy. North Korea's economic management system is carrying on a centralized management formula. Thus lower level organizations are only to be charged with duties of implementing upper level organizations' directives. Furthermore, North Korea maintains a dual guidance system of the party and the Administrative Council. The inefficiency in North Korea's economic management has worsened greatly; and that has become a deterrent factor in its economic development. Such an economic management system must be reformed: lower level organizations must be given economic management authority in reality as well as in name; thus economic management must be carried out through creative resources.

Thirdly, an open door policy must be implemented in economy. In September 1984, North Korea enacted the so-called "Joint Management Law" (the law governing overseas joint investments) and proclaimed it. Nevertheless, North Korea has held fast to its present political, economic, and social system; the "Joint Management Law" designed to bring about an open door economy is effecting almost none of its desired effects.

In the case of the PRC, it criticized Marxism in order to push the policy of modernization and eased all legal controls in implementing the open door economic policy, whereas North Korea tried to introduce capital and technology of western advanced nations while keeping up its political and social controls as they were: it was a preposterous attempt. If North Korea really wants to introduce capital and technology of western nations, it is imperative, above all, to eliminate restricting factors in its system at the earliest date. This is the only way of inducing investments of western nations.

Fourthly, introducing ROK capital by pushing with integrity the North-South dialogue has become an essential problem. Despite the fact that the Red

Cross talks and economic talks are currently being held, North Korea is making the best use of the North-South dialogue as a political strategy--a strategy toward South Korea--designed to realize "the tripartite talk." Such a practice came from a wrong motive of setting domestic problems by means of foreign influence. It is of no avail in solving the problems. Therefore, North Korea must push with integrity the current Red Cross talks and economic talks, must ease pains of displaced families of the north and the south, must introduce advanced technology and capita of the ROK, and thereby must activate its economy.

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CSO: 4107/253

INTER-KOREAN AFFAIRS

RENAMING REVOLUTIONARY PARTY FOR REUNIFICATION CRITICIZED

Seoul NAEWOE TONGSIN in Korean 16 Aug 85 pp 1R-8R

[Text] There are indications that the North Koreans, who up to now have been intensifying their anti-South maneuvers for a violent revolution by actively utilizing deceitful and slanderous propaganda against the South through the promotion of phantom organizations which are nothing more than empty shells, such as the so-called "Revolutionary Party for Reunification" and the "Voice of the Revolutionary Party for Reunification," which they claim exist in the South, are going to indulge themselves in more devious and vicious subversive and inflammatory maneuvers against the South, having recently changed the names of these phantom organizations, indicating a new course of action.

On August 8th the North Korean "Voice of the Revolutionary Party for Reunification" claimed that on July 27th a plenary meeting of the Central Committee of the "Revolutionary Party for Reunification" had been held and at this meeting "they comprehensively summed up the state of the activities of the Revolutionary Party for Reunification and the experiences of the movement of the South Korean masses and they discussed the direction and aim of the mass struggle from now on." At the same time they announced that they had changed the name of the "Revolutionary Party for Reunification" to the "Korean National Democratic Front" and had revised the program and regulations of the party "in order to reflect the demands of developments within the Revolutionary Party for Reunification itself and of changes in the times."

Similarly, the North Koreans reported that the "Voice of the Revolutionary Party for Reunification" (in Songjin, Haeju in Hwanghae province) had changed its name as well on the 8th to the "Voice of National Salvation."

Claiming that the results of their analysis at this meeting of the current situation in South Korea emphasizes that "there is an acute demand for drawing tightly together all parties, all factions, all levels and all strata of the patriotic masses into a democratic reunification front and stirring up a nation-wide anti-American national liberation movement," the North Koreans insisted that such measures when "at this point in time the more vigorously the mass struggle against America and for independence is carried out the more there is a demand for a more popular vanguard organization" constitute "an epochal turning point that is coming in the solidification of the national democratic front and the expansion of the mass struggle."

The North Koreans proclaimed a "democratic people's declaration of autonomy," which was dotted with violent deceitful, slanderous and inflammatory anti-South phrases, put forth by the central committee of the renamed "Korean National Democratic Front."

The North Koreans, marshalling such hackneyed deceitful vocabulary as "South Korea is a perfect colony of the United States," "the South Korean economy is a low-grade economy which takes in the excrement of American capital and excretes it out again," and "under this insane brutal regime not a day goes by without some spilling of the blood of the South Korean masses" and so on, furiously ranted on that "a wide-ranging democratic reunification front pulling together all parties, all faction, and all levels and strata of South Korea will be organized and will launch vigorously into a democratic liberation struggle and an anti-Fascist democratization struggle against America and to win autonomy."

As for this North Korean declaration presenting the so-called immediate program, its key components, "the establishment of a national autonomous regime," "the realization of democratic politics," "the construction of an independent, national economy," "the realization of autonomous peaceful reunification" and so on, are an array of sham items packaged in words such as "democracy," "national," "autonomy," and "independent" which the North Koreans love to use with their meanings reversed.

In this declaration the North Koreans avoided as much as possible radical words such as revolution but, as is widely known, the "national" they profess is anti-American, "democracy" is the struggle against the government, and "autonomy" and "independence" refer to the establishment of a communist dictatorial system based on Kim Il-song's Chuche ideology.

Furthermore, it goes without saying that the North Koreans' changing the name of the "Revolutionary Party for Reunification" and making their "declaration" with such embellished cosmetic phrases is a scheme to try to create a favorable atmosphere for realizing their dream of communizing the South by increasing the effectiveness of their deceptive propaganda toward the South through the creation of an image of this organization as a representative organ of the forces of the autonomous mass struggle within South Korea while fomenting chaos with a split in public opinion within South Korean society.

In the miserable conditions in North Korea on this 40th anniversary of liberation there is more than enough proof of how much this so-called "Korean National Democratic Front" which the North Koreans are displaying, and likewise with that program, is a fabrication.

In order to try to learn more concretely the anti-South maneuvers which can be expected along with this change in the name of the "Revolutionary Party for Reunification," we will examine here the appearance and the reality of the anti-South devious propaganda agitation which the North Koreans have launched recently.

In accordance with the instructions in Kim Il-song's "New Year's Statement" in the first part of January this year, they are concentrating all their energy

on celebrating the 40th anniversaries of liberation and the founding of the Workers Party with the most spectacular and grandiose holiday festivities in their history.

Required to welcome these two festivals with results of great political zeal and industry, the people are being totally mobilized by being inundated with some 250 militant slogans displayed under the name of the Party Central Committee. As these militant slogans include some which refer to revolution in South Korea, it become clear through these slogans what the North Koreans are really after in relations between the North and the South. Some representative slogans are "realize the autonomization and democratization of South Korean society in order to achieve tripartite talks" and "we send firm solidarity and fraternal support and encouragement to people at all levels of society, including the patriotic students of South Korea fighting bravely to expedite reunification of the fatherland."

Such North Korean slogans on South Kora can be explained as their adopting an active political offense to stir up the so-called "anti-Fascist democratization struggle" and agitate for the withdrawal of U.S. forces in Korea as a prerequisite to a South Korean revolution to overthrow the South Korean government and prepare a foundation for the establishment of a pro-communist regime.

The reason the North Koreans this year are launching a virulent anti-South political propaganda and agitation offensive is simply to take advantage of Korea's February 12th general elections and of the recent rioting by a few students and workers.

In particular, in this recent political propaganda agitation against the South, they have put workers, farmers, youth and students, and soldiers into separate groups and directed specific propaganda points at each of these groups, such as stressing primarily class consciousness to workers and farmers, nationalism and anti-Americanism to youth and students, and fraternal feeling to soldiers.

However, a point that is obvious in the North Korean's recent propaganda and agitation maneuvers directed at South Korean youth and students and workers is that they are agitating to ensure the formation of a united front of students, workers and farmers which will develop into a political struggle of a class nature rather than a pure student movement or farmers movement. An equally obvious fact is that they are seeking the first step toward a revolution in South Korea in the student's anti-American and anti-government struggle.

It is precisely this flow of North Korea's recent propaganda and agitation maneuvers against the South that is reflected in the recent name changes of the Revolutionary Party for Reunification and its radio station to the "Korean National Democratic Front" and "The Voice of National Salvation."

We can infer from these sorts of moves recently by the North Koreans, such as despite the fact that up to now the "Revolutionary Party for Reunification" has been a total failure they are propagandizing as though that phantom

organization is still active and has even changed its name, and that in the bottom of their hearts they have pledged anew to intensify subversive and disruptive maneuvers against the South.

First of all, more than anything else we must thoroughly guard against their aim recently of intensifying even further their political agitation and propaganda against radical leftist students within South Korea.

As they have made clear, their cunning tactic is to sit calmly by and take advantage of the trend recently in South Korea toward more leftist thinking among some students in the movement, such as in the Sammin Struggle Committee, camouflaging the forces behind the mass struggle by giving as its cause "a demand for the appearance at all levels and in all areas of society of anti-American, anti-government front forces dressed up in nationalism and democracy."

Secondly, it is perfectly clear that what the North Koreans want to do is to use tools which conceal their direct and indirect maneuvers to foster recognition at home and abroad of this phantom organization dressed up in clothing as a South Korean "anti-government reunification front organization."

Thirdly, we furthermore cannot ignore their aim of inflicting damage on South Korea by disrupting South Korean society and misleading public opinion overseas by, as seen in such terms as "Korean National Democratic Front" and "The Voice of National Salvation," avoiding radical terms such as revolution and espousing "nationalism" and "democracy," and thereby establishing an image of this organization as one that is acting as a representative organ of the autonomous forces for mass struggle within South Korea.

Fourthly, analysis shows that their minds are filled with their dream of creating a favorable atmosphere for actively agitating and communizing the South Korean people by taking advantage of this change in the name of this organization with a previous history of all form and no substance to renovate that organization and strengthen its role and function.

Accordingly, we can infer from these sorts of maneuvers that prospects are that the North Koreans will utilize as much as possible this newly fabricated "Korean National Democratic Front" and its propaganda organ, the "Voice of National Salvation," they will further spur on the "anti-American independence struggle" and the "anti-Fascist democratization struggle" which they champion focusing on finally constructing an atmosphere for the communization of the Korean peninsula, and they will put even more effort into schemes to build an underground party in South Korea and into agitation to produce pro-communist thinking.

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CSO: 4107/287

INTER-KOREAN AFFAIRS

CHOSON ILBO STRESSES UNITY TO COUNTER NORTH

SK291152 Seoul CHOSON ILBO in Korean 26 Sep 85 p 2

[Editorial: "The Road on Which We Should Advance--We Should Counter the Mobilizing System of the North Through Democratic Unity"]

[Text] While talking about what he witnessed and felt during his visit to Pyongyang, a television reporter said: "I have keenly felt once again that the horrible mobilizing and organizing capability of the side over there should be seriously thought of and we should also achieve national unity."

This is right. It is true that the North's uniform mobilization system, which assumes an inhumane nature, is no small threat to us. For this reason, no one denies that we should achieve national unity to counter the North's mobilizing system. However, the matter to be discussed hereinafter is indeed more important. The question is how we should achieve national unity and what type of national unity we should have.

As an example, there is a type of national unity asserted by the yusin system. Those who established the yusin system contended that only when we exercise, not Western-type, but Korean-type democracy--yusin--can we achieve security and unification by maximizing our capabilities and organizing national strength.

But, what consequences did the yusin system have? Simply because they opposed the yusin system, conservative democrats, liberals, democratic reformers, intellectuals, and religionists, who most ardently love the Republic of Korea, and writers and lawyers who were interested in social participation and reformation, were treated not as antigovernment but as illegal antistate and antisystem elements. This was the most fatal mistake of yusin. In this sense, yusin failed to achieve national unity, the pillar of security, but caused disunion and enmity.

From its own viewpoint, the North may have regarded such a dictatorial, coercive, and uniform type of "unity" as a "cause worsening the internal contradictions of South Korea" and may have thought that the prolonging of yusin, instead of democratization, will be advantageous to itself.

At that time, the yusin side tried to attribute responsibility for discord only to the anti-yusin side. The yusin side adhered to the logic that, because there is no such indispensable system as yusin, there is no reason for opposing it and for seeking a "Western-type system." However, this was the absurd logic of putting the cart before the horse. It is correct to say that, because there was yusin, there was growing opposition, instead of saying that, because there was growing opposition, yusin was born.

Unity is an absolute demand. However, the coercive, restraining, and suppressive type of "unity" causes disunion. In this context, we believe that, from now on, we should seek horizontal unity based on equitabler coexistence. There exists in our society many conviction-filled collectives which insist on having their own world and refuse to give it up. Unity will be completely broken up if one of these collectives take an absolute stand and attempts to subordinate the other collectives to itself.

To achieve unity, therefore, each collective should forge an honorable social contract or political contract with each other on the basis of equality and fairness. We should acquaint ourselves with the culture of democratic agreement on the basis of reasonable solidarity and coexistence by extricating ourselves from the culture of authoritarianism and patriarchy. We are convinced that this is the only strength of a free society to counter the mobilizing system of the North.

Some preconditions should be guaranteed to make it possible to achieve this horizontal unity. First, legitimacy should be firmly established. Only when a fair and just procedure is respected in every field, including the political and administrative fields, can each side feel like shaking hands with each other.

Second, such an act as inciting a sense of incongruity between social strata and a sense of relative deprivation should be extremely restrained. The creation of national unity may be blocked if someone boasts of having a lot of money, spends it to his heart's content, and indulges in entertainment with the logic that he does not care whatever others may say, because he spends his money which he has earned on his own.

Third, it is important to establish a system in which a certain degree of complaints, grievances, resistance, criticism, opposition, protest, and disagreement, which naturally exist in a society, are legally raised and dealt with.

There is disagreement and opposition in every society. The important thing is to take measures before hand to prevent this disagreement and opposition from being radicalized and developed in a "revolutionary" way. The best preventive step is to ensure and lead this discord and objection to be manifested as a legal factor for reform within the society.

There is a need to pay attention to the fact that communism or revolutionary ideas cannot take root in those countries in which democratic reforms within society are guaranteed.

Each of us should give up the self-confidence and obstinacy that a certain group represents and lead our pluralistic, mixed society.

Our society is no longer a simple society. It is a very complicated and specialized society. Once a society begins structural specialization, functional specialization follows without fail. Unless the law of fair exchange and collaboration exists between special interest groups, the whole society will not operate smoothly. Only when relations collaboration are technically well established can horizontal unity be possibly achieved.

There is no one who has once again keenly felt a need for security and national unity after witnessing the horrible mobilizing system of the North. What should be borne deeply in mind is the great principle that genuine unity is possible and can be sought only through the maximization of the volunteering people in a free democratic social contract.

CSO: 4107/3

INTER-KOREAN AFFAIRS

STRAUSS ON PRC ROLE IN RELATIONS WITH DPRK

SK130008 Seoul THE KOREA TIMES in English 13 Oct 85 p 5

/Text/ Mainland China has the key to the improvement of relations between the two halves of the Korean peninsula, a visiting West German politician said here yesterday.

Franz Josef Strauss, founder chairman of the Chrisitan Social Union and minister president of Bavaria, said in a press conference at the Hilton Hotel: "If you read between the lines, you will surely find China's attitude toward South Korea not bad, if not favorable."

Strauss, 70, came to Seoul Thursday from his fourth visit to China Strauss paid calls on President Chun Tu-hwan, National Assembly Speaker Yi Chai-hyong and Democratic Justice Party Chairman No Tae-u.

Strauss said that he found in his talks with Chinese officials that the Communist gaint fears the rapid improvement of ties between it and South Korea would influence North Korea to "fall into the hands" of the Soviet Union.

He said he hoped the "very good" relations between West Germany and China could help Korea and China get closer.

The economic reforms China is undertaking in recent years have the support of the people, he said. He quoted young Chinese people as saying that their country would never be "closed" again.

Affirming that the Soviet Union is far different from China and firmly sticks to the old systems, Strauss said that is the reason why his country would join in the strategic defense initiative declared by U.S. President Ronald Reagan.

"We will without fail take part in the research projects of the SDI," he said, "but we have yet to decide whether to join in the tests and production of hardware."

He said "Star Wars," which is often used by mass media as synonymous with the SDI, were already taking place in the world with the two superpowers operating numerous surveillance satellites.

He said that some two-thirds of Soviet missiles were aimed for Europe and the rest for East Asia, but that the fact did not mean that the Eurasian country had intentions for a war.

Nothing that the economy of the Soviet Union and its allies was flaw-stricken, Strauss said the Soviet Union would not start off a war.

As to the territorial unification of both Germany and Korea, Strauss viewed that the unification of Germany would come earlier than that of Korea.

"The barricade is lower for us," he said, noting the inter-German exchange of people, among other clues. According to him, some 500,000 people living in the western half travel to the east a year to meet their relatives.

From the east to the west, there is an average influx of 60,000 visitors a year. During last year alone as many as 40,000 people moved to the west on a permanent basis.

A big difference between the two divisions, Strauss said, is that the division of Korea resulted from a fratricidal war, while that of Germany came from a world war.

"The Korean division may last longer, but eventually, the people in the north will get to know the situation of the south and will start a comparison," he said, indicating that such an awakening will be the prerequisite for Korea's unification.

CSO: 4100/011

INTER-KOREAN AFFAIRS

ROK PAPER SAYS PRC NOT INVITED FOR WPK FOUNDING

SK071014 Seoul TONG-A ILBO in Korean 7 Oct 85 p 4

/Report by correspondent Chang Song-won, from Tokyo/

/Text/ MAINICHI SHIMBUN reported that it has been learned, on 5 October, that North Korea failed to invite Red China to a ceremony to commemorate the 40th anniversary of the founding of the Workers' Party, falling on 10 October.

The paper further reported that, in view of the fact that Red China was not invited to the functions marking the 40th anniversary of the liberation of North Korea on 15 August, and was not invited, once again, for the party founding ceremony, the question can be raised as to whether relations between North Korea and Red China are changing.

At his press conference on 5 October, the spokesman for the International Liaison Department revealed that a Red Chinese party and government delegation was invited to North Korea to attend a ceremony to commemorate the 35th anniversary of the dispatch of the Red Chinese Army to North Korea, but not invited to a ceremony to mark the 40th anniversary of the founding of the Workers' Party.

It has not been learned whether or not the Soviet Union, from which a large delegation led by First Vice Premier /title as published/ "Aliyev" attended the ceremony to mark the 40th anniversary of 15 August, was invited to the functions to commemorate the 40th anniversary of the founding of the Workers' Party.

It is not natural for North Korea to fail to extend an invitation for such important functions as marking the 405h anniversary of the founding of the Workers' Party. It is suspected that North Korea pays greater attention to the strengthening of relations with the Soviet Union than to its relations with Red China.

CSO: 4107/005

INTER-KOREAN AFFAIRS

BRIEFS

ROK AT UNITED NATIONS--The Republic of Korea is enjoying a clearcut diplomatic edge over North Korea at the United Nations. As of Thursday, 45 of 83 member states, which made keynote speeches in the UN General Assembly session, mentioned the Korean question. According to an interim tabulation by the Ministry of Foreign Affairs yesterday, 26 of the 45 countries word indistinct favor of the Seoul Government. The figure compares sharply with 14 for the Pyongyang Government. Five countries adopted a neutral position on the Korean question. The ministry said that keen international attention is being drawn to the Korean question on the occasion of the 40th anniversary of the founding of the world body. Elaborating on the supporters of Seoul, it said that 16 countries endorsed "our efforts to carry on inter-Korea talks and to join the United Nations." The 16 countries include the United States, Japan, Great Britain and West Germany. Seven countries including Colombia and Sweden supported the Seoul Government's efforts for South-North dialogue. Three countries including Greece favored Seoul's position on joining the world body. The ministry said that it is noteworthy that Sweden, growing out of its neutral position, spoke for the Republic of Korea. It also drew special attention to the fact that Albania and Guyana, which supported the Pyongyang position in the 37th-39th UN General Assembly session, assumed a neutral position this time. Text /Seoul THE KOREA HERALD in English 5 Oct 85 p 7/

ROK'S ENTRY INTO UNITED NATIONS--Seoul, 8 Oct (OANA-YONHAP)--South Korean Foreign Minister Won-kyong said Monday that his nation's efforts to join the United Nations, either simultaneously with North Korea or by itself, are gaining broad support within the international community. In a news conference at Kimpo International Airport, following his 12-day visit to the United Nations, Yi said that an increasing number of UN member-countries recognize that the entry of South Korea into the United Nations would be a positive development. When asked when the South Korean Government will apply for membership in the United Nations Yi said only that it will hold close consultations with friendly nations on the matter and will continue its efforts to cultivate a favorable international climate for entry into the world body. "I could ascertain during my visit to the United Nations that the international society is firmly supporting our government's stand that the problems on the Korean peninsula should be settled peacefully, through direct dialogue between South and North Korea," the foreign minister said. During his visit to New York, Yi had talks with U.S. Secretary of State George Shultz, Japanese Foreign Minister Shintaro Abo and about 20 other foreign ministers. He also met with UN Secretary General Javier Perez de

Cuellar and General Assembly President Jaime de Pinies. North Korea has failed to gain positive responses from the majority of UN members with its stereotyped propaganda, its proposal for tripartite talks involving Pyongyang, Seoul and Washington, or its call for the withdrawal of U.S. armed forces from Korea, he added. During his talks with Shultz, the two foreign policy leaders agreed that the recent military cooperation between the Soviet Union and North Korea would have a direct impact on developments on the Korean peninsula. They also shared the view that the United States and South Korea should work together in dealing with developments in Northeast Asia, Yi added. /Text/ /Seoul YONHAP in English 0321 GMT 8 Oct 85/

SIMULTANEOUS NORTH-SOUTH UN ENTRY--A favorable international climate is being formed supporting the ROK's efforts to join the United Nations simultaneously with North Korea or by itself, Foreign Minister Yi Won-kyong said yesterday. In a press conference at Kimpo International Airport, the minister said that more and more UN member countries were recognizing the righteousness of Korea's entry into the world body. He returned home last night from New York after attending the 40th UN General Assembly. "While continuing efforts to cultivate a favorable international climate for our entry into the United Nations, we will cautiously consider the timing of filing an application," he said. The minister said that overseas interest in Korea's entry into the United Nations was growing amid the overwhelming emphasis on the principle of universality of the membership timed with the 40th UN General Assembly. The inter-Korean dialogue which is being conducted through various channels is also promoting overseas interest in issues involving the Korean peninsula, he said. Predicting that the ongoing UN session will contribute to enhancing a positive atmosphere for the reconciliation of the North and South, ahd minister said the nation would step up its activities at various UN committee meetings to show its willingness to join in such a move. He said North Korea, in sharp contrast with the South, was failing to gain positive response from the majority of UN members with its stereotyped propaganda on the tripartite talks with Seoul and Washington and the call for the withdrawal of American forces from Korea. /Text/ /Seoul THE KOREA TIMES in English 8 Oct 85 p 1/

INTER-KOREAN OLYMPIC TALKS--Lausanne, Switzerland, 7 Oct (OANA-YONHAP)-- Delegates from South and North Korea are scheduled to hold inter-Korean sports talks Tuesday and Wednesday at the International Olympic Committee (IOC) headquarters here. Six sports official from South Korea, six from North Korea and six from the IOC will discuss matters of mutual concern, including the participation of North Korea in the 1988 Olympics, to be held in Seoul. The South Korean delegation, led by Kim Chong-ha, president of the Korean Olympic Committee (KOC), arrived here last Saturday. Kim Yu-sun, president of the North Korean Olympic Committee, heads the North Korean delegation, which arrived here on 29 September. The participants are expected to discuss North Korea's proposal that Seoul and Pyongyang cohost the 1988 Olympiad. South Korea earlier rejected the idea, which it says would violate the IOC charter. South Korea rebuked Pyongyang's proposal, calling it a "premediated plot" to disrupt Seoul's preparations for the 1988 Olympics. IOC President Juan Antonio Samaranch proposed the idea of holding inter-Korean sports talks in February of this year. The last inter-Korean sports talks were held in May 1984 in the truce village of Panmunjom. The talks broke down, however, and the two Koreas failed to form a unified team for the 1984 Los Angeles Olympics. /Text/ /Seoul YONHAP in English 0654 GMT 7 Oct 85/

REPATRIATION OF ROK BOAT SOUGHT--Seoul, 8 Oct (OANA-YONHAP)--Kim Sang-hyop, president of (South) Korean National Red Cross, Tuesday asked Son Song-pil, chairman of the North Korean Red Cross Central Committee, for help to repatriate a South Korean fishing boat that was forcibly taken to North Korea by an armed North Korean naval patrol vessel on Sunday. In a telephone message, Kim said, "According to our authority concerned, the Kyeyong-ho No 2 with a 12-man crew, including skipper Pak Song-ki, aboard had been engaged in fishing operation on the high seas, 41 miles west of Paengnyong Island but the boat was forcibly taken to the north at 8 pm (Korean time) Sunday." "I ask North Korean Red Cross Central Committee for positive assistance to send back the fishing boat and the crew as soon as possible, on the basis of humanitarian and fraternal love," he said. "I expect your affirmative reply," he added. /Text/ /Seoul YONHAP in English 1305 GMT 8 Oct 85/

NORTH, SOUTH OFFICIALS TO DISCUSS OLYMPIC ROLES--Lausanne, 9 Oct (OANA-YONHAP)--The South and North Korean Olympic Committees are expected to discuss Pyongyang's proposal that the two sides cohost the 1988 Seoul Olympic Games when they resume negotiations here on Wednesday afternoon. Sports officials from South and North Korea, and officials from the International Olympic Committee (IOC) are participating in inter-Korean sports talks involving the 1988 Summer Olympics, to be held in Seoul. On Tuesday, the opening day of the talks, the officials held closed-door sessions in the morning and afternoon. The IOC officials were briefed on the respective positions of South and North Korean in the morning session, and they held separate talks with the Olympic committee officials from each side in the afternoon. Delegates from both sides attended a dinner, hosted by Juan Antonio Samaranch, IOC president, Tuesday evening in the Lausanne Palace Hotel. In a dinner address, Samaranch said that the 24th Seoul Olympics should be successful under any circumstances and that both Koreans should do their best to make it a success. /Text/ /Seoul YONHAP in English 0650 GMT 9 Oct 85/

CONDEMNATION OF SPRK MILITARY BUILDUP--Seoul, 10 Oct (OANA-YONHAP)--The International Federation of Korean War Veterans Associations (IFKWVA) Thursday adopted a resolution condemning North Korea's recent military buildup and supporting the strengthening of security measures in South Korea. In the resolution, which the executive council of the IFKWVA adopted at the conclusion of a 4-day meeting here, the federation denounced the recent buildup of North Korea military forces north of the demilitarized zone. The buildup includes the stationing of 10 additional MiG-23 fighter planes recently purchased from the Soviet Union near the border. The IFKWVA urged Western countries to suspend trade with North Korea until Pyongyang shows clearly that it intends to end the confrontation on the Korean peninsula and to take measures promoting peace and security in the region. Sir William Keys of Australia, chairman of the IFKWVA, said that the federation will assist in making the 1988 Seoul Olympics a success. Participating in the executive council meeting were representatives from Australia, New Zealand, Canada, the Philippines, Belgium, Luxembourg and Sweden. /Text/ /Seoul YONHAP in English 1036 GMT 10 Oct 85/

PRC FOREIGN MINISTER ON NORTH-SOUTH DIALOGUE--Tokyo, 11 Oct (YONHAP)--Chinese Foreign Minister Wu Xueqian said Thursday that China will support any developments that contribute to the easing of tensions on the Korean peninsula,

Kyodo News Service of Japan reported Friday. Wu told the Japanese foreign minister, Shintaro Abe, who is now on a 4-day visit to Beijing, that if South and North Korea reach an agreement on Pyongyang's proposal to cohost the 1988 summer olympics, the agreement would help to reduce tensions on the peninsula, Kyodo said. In a foreign ministers meeting, Abe said that Japan wants to contribute greatly to the creation of a good atmosphere for dialogue between South and North Korea. Abe said that the Seoul Olympiad will play a significant role in alleviating tensions between Seoul and Pyongyang, according to the Japanese News Agency. The nonpolitical exchanges between Beijing and Seoul are reportedly progressing to a certain extent, and such exchanges between Tokyo and Pyongyang will promote the inter-Korean dialogue, Abe said. /Text/ /Seoul YONHAP in English 0938 GMT 11 Oct 85

CSO: 4100/011

OLYMPIC GAMES

DISCUSSIONS ON 1988 OLYMPICS SUSPENDED

Daily Denounces Cohosting Olympics

SK120043 Seoul THE KOREA HERALD in English 12 Oct 85 p 4

/Editorial: "P'yang's Unrealistic Demands" /

/Text/ The 2-day inter-Korean sports talks sponsored by the International Olympic Committee in Lausanne broke off Wednesday with only an agreement to resume discussions in 3 months. Again it was demonstrated that Pyongyang's ulterior motives stand in the way of any reasonable settlement of issues involving the Seoul Olympics.

As a matter of principle, the Olympic Charter precludes joint hosting of the Games. Thus Seoul has the full backing of the IOC in refusing to allow North Korea to "cohost" the 1988 Games, which were awarded to the South Korean capital in 1981 despite Communist objections.

Changing the arrangement would require an amendment to the charter by a two-thirds majority of the 92 members of the IOC--a totally unnecessary and unlikely turn of events. Such an occurrence would only undermine the integrity and consistency of the global sports festival.

Out of its overriding desire to reduce tension and broaden the base for cooperation, South Korea agreed to discuss the possibility of sharing some of the 1988 Olympic events with North Korea. The south has repeatedly called for the participation of the north in the Seoul Olympiad, including the possible formation of a unified all-Korea team.

In Lausanne, the delegation from Seoul accepted a compromise suggestion by IOC President Juan Antonio Samaranch that a few events and preliminaries might be transferred to North Korea sites, provided they remained under the full control of the Seoul Olympic Organizing Committee.

But North Korean representatives insisted on nine points totally unacceptable to Seoul--for instance, changing the title of the Games to the Seoul-Pyongyang Olympiad or sharing the income from telecasting rights and other expenses.

These unrealistic demands are aimed at usurping the legitimate right of Seoul to host the 1988 Olympics. Obstruction and disruption of the Seoul Games are chief among the negative objectives pursued by Pyongyang. We urge extreme caution regarding the North Korean maneuver. Pyongyang must come to its senses if it is interested in achieving meaningful results in the sports dialogue.

Daily Demands Reasonableness

SK110117 Seoul THE KOREA TIMES in English 11 Oct 85 p 4

/Editorial: "1988 Olympic Venue" /

/Text/ Despite mediatory efforts by the International Olympic Committee, a 2-day meeting between the national Olympic committees of South and North Korea failed this week to produce an agreement on matters concerning the 1988 World Olympics due to be held in Seoul.

But then, given the all too absurd and obstinate demands as made by Pyongyang, the meeting at the IOC headquarters in Lausanne was doomed to be stalled, though the two sides are set to meet again in early January.

The nine-point North Korean proposal for "cohosting" the upcoming Olympics was indeed unreasonable and impractical as it included such requests as renaming the Games as the "Pyongyang-Seoul Olympics" and dividing the whole Games on a 50-50 basis, not only in staging sports events but also in managing the Olympic organizing committee function, including revenues from TV rights.

First of all, the Pyongyang demand squarely contravenes the IOC ruling at its 1981 general meeting, that unequivocally selected Seoul as the site of the 1988 Summer Olympics, as well as the IOC charter which states the Games may be staged in several cities but within the same country.

What is more, Seoul has gone all out in preparing for the world event, with most facilities nearing completion and the main stadium having already been opened.

Compared with Pyongyang's absurdity and its obstinacy, refusing to back down from the outright 50-50 split proposal, Seoul has taken a forward-looking posture by accepting an IOC compromise suggestion that "a few events and preliminaries" might be transferred to North Korea, provided they remained under the full control of the Seoul Olympic Organizing Committee.

Such a conciliation, notwithstanding the IOC rule of awarding the Olympic venue not necessarily to a state but to a city, is also attributable to the fact that Seoul has been the capital city of Korea for about 600 years, though the country was divided 4 decades ago at the end of World War II.

The North Korean position, as reflected in Lausanne, seems to be an attempt to carry through on a threat to lead a Communist bloc boycott of the Seoul Olympics, if not disrupting the Games altogether as it previously maneuvered.

In this respect, the Communist rulers in Pyongyang are reminded that the hosting of a World Olympiad in the age-old capital of Seoul should be something that deserves pride for all Koreans, irrespective of political ideologies, and that can substantially contribute to resolving various pending questions for ultimate national unification.

Since the latest Lausanne meeting may well be seen as a beginning of renewed inter-Korean efforts for the 1988 Olympics, the North Koreans are urged to be back at the next session with a reasonable stand in compliance with longstanding international practices, as well as in the cause of meeting the aspiration of entire Koreans.

CSO: 4100/011

S. KOREA/POLITICS AND GOVERNMENT

STUDENTS INVOLVED IN USIS CASE SENTENCED

SK021112 Seoul Domestic Service in Korean 0900 GMT 2 Oct 85

[Text] Twenty defendants, including Ham Un-kyong, who were involved in the sit-in incident at the American Cultural Center were sentenced to prison terms ranging from a maximum of 7-years to a minimum of 3 years.

In the sentencing trial held this afternoon for the defendants involved in the sit-in incident at the American Cultural Center, held in the grand courtroom, Senior Judge Yi Chae-hun of Group No 13 of the joint presiding judges of the Seoul District Criminal Court sentenced Ham Un-kyong, chairman of the Sammin Struggle Committee of Seoul University, to 7 years imprisonment and a 3-year suspension of rights on charges of violating the National Security Law and the law governing interference with a government official in the execution of his duties.

The judge also sentenced Kim Min-sok, chairman of the National Federation of Student Associations and Yi Chung-hun, chairman of the Sammin Struggle Committee of Korea University, to 5 years imprisonment on the charge of violating the law governing violence and the law on demonstrations and assembly.

The prison terms handed down to other defendants are as follows: Hong Song-yong of Seoul University to 4-year imprisonment; Choe-yong-ku of Seoul University to 4-year imprisonment; Chang Yong-sun of Seoul University to 4-year imprisonment; Kim Chong-un of Korean University to 4-year imprisonment; Pak Chung-ha of Yonsei University to 4-year imprisonment; Yang Tong-chu of Yonsei University to 4-year imprisonment; Ku Cha-chun of Songgyungwan University to 4-year imprisonment; Cho Song-hwan of Songgyungwan University to 4-year imprisonment; No Kwang-ho of Sogang University to 4-year imprisonment; Yun Yong-sang of Seoul University to 3-year imprisonment; O Kyong-chong of Seoul University to 3-year imprisonment; Yi Chi-son of Seoul University to 3-year imprisonment; O Tae-hon of Korea University to 3-year imprisonment; Choe Yong-kun of Yonsei University and Yi Kang-paek of Songgyungwan University to 3-year imprisonment. The judge gave 2-year imprisonment terms with a 3-year stay of execution for Chon Chin-suk, of Yonsei University the sole coed involved, taking into consideration that she repented during the trial and expressed a desire to devote herself to study.

The judge revealed the reasons for the judgement noting that all the crimes of the defendants--violating the law covering violence and obstruction of justice, the law on assembly and demonstrations, and the National Security Law, which Ham Un-kyong, was charged--were confirmed by the statements of the defendants, the interrogation documents of the prosecutors, and evidence collected by the judges.

Stating that intellectuals in a democratic state should prove justice in their acts, the judge said that the defendants whose status was that of student made political assertions, exercising violence and going beyond the status of student. The judge also noted that although their aims may have been just, the fact that they used violence to attain their aims is not tolerable under any circumstances.

The judge revealed that there were no circumstances to take into consideration because the defendants involved in this incident ignored a just democratic trial while loudly raving about democracy and repeatedly kicking up disturbances and that they perpetrated acts running counter to democracy, such as using their final statements to put forth their assertions, thus, they have never shown any indication of self-examination.

The prosecution had sought prison terms ranging from 5 years to 7 years for them.

CSO: 4107/4

S.KOREA/POLITICS AND GOVERNMENT

NKDP FACTIONS DISCUSS ASSEMBLY PARTICIPATION

SK230445 Seoul HANGUK ILBO in Korean 22 Sep 85 p 3

[From the column "Political Scene"]

[Text] A strategic meeting of the New Korea Democratic Party [NKDP], held on the morning of 21 September to discuss the incident of assemblymen Pak Chan-chong and Cho Sun-hyong and what measures to take with regard to the current session of the National Assembly, which is, in fact, inactive, ended quickly after deciding to see what will happen at the meeting of leaders of the three major political parties and a meeting of floor leaders scheduled for 23 September, as some of the members controlled by and close to Kim Tae-chung called for participation in the current session despite the incident of the two assemblymen, as part of a struggle for a revision of the constitution.

At this meeting, Vice Presidents Yi Chung-chae and Yang Sun-chik and Assemblyman Ho Kyong-man, who are members of the Kim Tae-chung faction, and Assemblyman Son Won-yong, who is very close to Kim Tae-chung, unanimously said: The incident of the two assemblymen, Pak Chan-chong and Cho Sun-hyong, and the attempt to legislate a campus stabilization law are part of a very carefully worked out tactic aimed at launching a pre-emptive strike at us to prevent us from staging the struggle for a revision of the constitution. We should not allow ourselves to be taken in by this tactic and, in order to concentrate all our efforts on a struggle for a revision of the constitution, our ultimate goal, we will have to attend the National Assembly at the risk of being misunderstood and receiving some insults.

Assemblymen Hwang Nak-chu and Pak Hae-chung, who are controlled by Kim Yong-sam, opposed this, however. They said: since the last plenum fashioned strategies to counter such a tactic, including a decision to be made on the basis of the development of the situation, it is better for us to see what will happen at the meeting of the leaders of the three major political parties scheduled for 23 September. If things turn out to be unfavorable for us, we will develop another strategy.

Such superficial differences in views of the two powerful factions within the NKDP led people around the party to guess various possibilities.

In the meantime, NKDP President Yi Min-u said: I discussed many things with National Assembly Speaker Yi Chae-hyong yesterday over lunch, but we could not find any special ways to solve this development. He thus revealed his meeting with the house speaker.

Floor leader Kim Tong-yong also hinted at ongoing contacts between the two rival parties through various channels, although such contacts have made no tangible progress, by saying: Previously, the ruling party wanted to use Assemblyman Pak Chan-chong's nonparticipation in the defense of students involved in the seizure of the American Cultural Center in Seoul at a trial scheduled for 23 September as a condition for negotiation and we met over this suggestion. However, he was indicted in a blitzkrieg manner.

CSO: 4107/001

S.KOREA/POLITICS AND GOVERNMENT

ASSEMBLY LEADERS TO WORK OUT STEPS AGAINST U.S. PRESSURE

SK272346 Seoul THE KOREA TIMES in English 28 Sep 85 p 1

[Text] Leaders of the National Assembly agreed yesterday that the Assembly should start proper operation in order to cope with the recent U.S. pressure to open the Korean markets to its products, among other urgent tasks.

They shared the view that the House has to work out concrete countermeasures against the U.S. request for the market opening as soon as possible.

The countermeasures, for instance, may include the adoption of a suprapartisan resolution calling on the United States to stop applying economic pressure and the dispatch of a parliamentary delegation to the U.S. Congress, they suggested.

The parliamentary leaders expressed the opinion in a joint meeting with Prime Minister No Sin-yong at the conference room of Speaker Yi Chae-hyong's office.

Attending the meeting were Speaker Yi; Vice Speaker Choe Yong-chol; Rep No Tae-u, chairman of the ruling Democratic Justice Party; Rep Yi Min-u, president of the main opposition New Korea Democratic Party; Rep Yi Man-sop, president of the second opposition Korea National Party; and floor leaders of the three parties.

The meeting, which lasted for one hour and 40 minutes, was arranged by Speaker Yi at the request of Prime Minister No.

No requested the meeting to explain pending issues the nation is now faced with and to make a report on his scheduled participation in the UN General Assembly. The major issues included the South-North talks and the U.S. pressure for the market opening, according to Vice Speaker Choe.

Choe said that No told the House leaders that the government would sufficiently reflect their opinions in tackling the issues.

However, Choe declined to bare the details of No's briefing to the House leaders for "strategic reasons."

During the session, NDP members expressed hope that "the government and the ruling party will take appropriate measures to solve the case of Reps Pak Chan-chong and Cho Sun-hyong.

The two lawmaker's indictment for agitating students demonstration caused the current political impasse with the NDP refusing to attend the House session which opened on September 20.

Premier No showed no response to DJP leaders' assertion that all issues, including the case of the two NDP lawmakers, should be brought to the parliament for discussion.

"The DJP leaders, then, asked their NDP counterparts to normalize the House at the earliest possible date to take up the case of the two lawmakers and other important questions, Vice Speaker Choe said.

CSO: 4100/002

S.KOREA/POLITICS AND GOVERNMENT

EXCLUSIVE MEETING SOUGHT FOR DJP, NKDP LEADERS

SK250047 Seoul THE KOREA TIMES in English 25 Sep 85 p 1

[Text] As the regular National Assembly session was idling for the third day in a row after opening on Friday, leaders of the three major political parties were trying yesterday to have another meeting within this week to discuss how to solve the political impasse.

In particular, the ruling Democratic Justice Party and the main opposition New Korea Democratic Party are promoting an exclusive meeting between their leaders Reps No Tae-u and Yi Min-u.

The political deadlock was caused by the indictment of NDP lawmakers Pak Chan-chong and Cho Sun-hyong on charges of agitating student unrest.

Leaders of the three parties--No, Yi and Yi Man-sop, president of the minor opposition Korea National Party--huddled Monday to find a way to break through the deadlock to no avail.

At present, the DJP and the NDP plan to have a "cooling-off" period until early next month during which they will continue diverse political negotiations with each other.

Therefore, the first regular session of the current 12th-term Assembly is most likely to be crippled until early next month.

Rep Yi of the NDP said yesterday that "I understand that Speaker Yi Chae-hyong plans to arrange another meeting of party leaders soon."

He said such a meeting should be promoted publicly.

A high-ranking official of the DJP said that Rep No revealed willingness to hold a meeting with Yi of the NDP within this week.

However, political observers viewed that it would be hard for the rival parties to seek mutually-acceptable terms unless the NDP retreats from its basic policy that the indictment of its two lawmakers must be cancelled first.

They said that the NDP will have to find its own justification to participate in the House session after the "cooling-off" period.

Meanwhile, a leading official of the DJP said that the NDP should attend the House session no later than October 8 when the deliberation of next year's budget bill should be kicked off.

"Otherwise, the DJP will have no choice but to operate the session unilaterally in the absence of NDP lawmakers," he said.

CSO: 4100/002

S.KOREA/POLITICS AND GOVERNMENT

LAWYERS TO FILE INJUNCTION TO VOID ACTION ON LAWMAKER

SK250013 Seoul THE KOREA HERALD in English 25 Sep 85 p 8

[Text] Defense attorneys for Rep Pak Chan-chong of the main opposition New Korea Democratic Party (NKDP), said they would file a written request for the nullification of an administrative [word indistinct] which suspended the lawmaker-cum-lawyer from practicing law, pending a trial.

Lawyer Chang Ki-uk told reporters yesterday that he would soon submit, to the Seoul Appellate Court, a motion seeking a court injunction to make the order null and void.

The Ministry of Justice took the action barring Rep Pak from practicing law last Saturday, two days after the prosecution indicted him of inciting a campus disturbance.

The charge was hurled against Rep Pak for a protest rally held outside the Korea University campus September 6.

The legislator, joined by about 20 opposition figures and students, staged the rally shortly after being denied entry into the university campus, where a "national debate" attended by about 1,000 students was under way.

In addition to Rep Pak six others were indicted and five others are still being sought.

The NKDP had sued Minister of Home Affairs Chong Sok-mo and three high-ranking officials for allegedly obstructing the "legislative duties" of two of its lawmakers by preventing Rep Pak and his fellow lawmaker Rep Cho Sun-hyong from entering the Korea University campus.

Lawyer Chang, himself a lawmaker of the NKDP, said he testified before the prosecutor for the second time yesterday, in connection with the case involving the four government officials.

CSO: 4100/002

S.KOREA/POLITICS AND GOVERNMENT

NO TAE-U, YI MIN-U AGREE TO NORMALIZE ASSEMBLY

SK260007 Seoul THE KOREA TIMES in English 26 Sep 85 p 1

[Text] Leaders of the ruling and opposition parties agreed yesterday to normalize the regular National Assembly session, which has been stalled since its opening of Friday, by early next month.

Rep No Tae-u, chairman of the Democratic Justice Party, and Rep Yi Min-u, president of the main opposition New Korea Democratic Party, met for two hours privately in a small restaurant in Samchong-dong, northern Seoul.

An aide to the DJP chairman said after the meeting that the two leaders agreed that there were a number of "important issues" which should be tackled by the National Assembly other than the current controversy involving two NDP lawmakers.

The main opposition party has refused to attend the regular fall session of the assembly in protest against the indictment of Rep Pak Chan-chong and Cho Sun-hyong accused of agitating illegal students demonstration.

Reps No and Yi met first in a reception at the Sejong Cultural Center after they watched the performance of the Seoul Art Troupe which visited Pyongyang along with hometown visitors.

The two leaders then moved to a secret place. Reporters learned of their whereabouts only when their meeting was about to end.

At his residence in Samyang-dong, northern outskirts of Seoul, Rep Yi said that his party did not want a long blank in the National Assembly operation.

"Our party's basic position is to have the prosecution drop the charges against the two lawmakers and return things to the original point. But we do not want to see the long stalling of the House," he elaborated.

The opposition leader, however, did not reveal if there was any promise from the DJP chairman about the future handling of the two indicted NDP assemblymen.

Rep Yi said he stressed in the meeting that his party would go ahead with the plan to establish a special committee in the House to study constitutional amendment.

No and Yi had no aides present at their meeting. Rep Kang Yong-sik special assistant to the DJP chairman waited outside while the meeting was being held.

Rep Kang later quoted the DJP leader as saying that the National Assembly should urgently examine the progress of the South-North dialogue and work on measures to improve the economic situation.

"In view of the many urgent tasks awaiting the activities of the National Assembly, Rep No called on the NDP to attend the House session," Rep Kang said.

Reps No and Yi will meet again tomorrow at a dinner Speaker Yi Chae-hyong will host for Prime Minister No Son-yong who will go to New York to speak at the UN General Assembly.

Earlier yesterday, floor leaders of the three major parties held a meeting and resolved that they would make joint efforts not to have the controversy involving the two NDP lawmakers aggravate political climate.

Following the agreement between the two leaders, the floor leaders are expected to meet again today to discuss normalization of the House operation.

Sources at the ruling and opposition parties indicated that the National Assembly may go into normal activities from around October 4 after the Chusok and other holidays are over.

CSO: 4100/002

S. KOREA/POLITICS AND GOVERNMENT

DAILY VIEWS CONSTITUTIONAL REVISION DEBATE

SK041425 Seoul HANGUK ILBO in Korean 2 Oct 85 p 2

[Editorial: "There Should Be a Great Debate on the Constitution--Appraising the DJP Step to Cope With the Regular National Assembly Session"]

[Text] We see a ray of light in the clouds hanging over the issue of constitutional revision, which constitutes the greatest controversy in the present regular National Assembly session.

According to DJP floor leader Yi Se-ki's remarks on 30 September, the DJP has set up a policy of tackling the problem squarely in dealing with the resolution on the formation of a special committee for the revision of the constitution, a solution that the opposition side submitted, and that is now pending. Thus, it changed its earlier position of avoiding the issue. In other words, the DJP seems to have set up a policy of having the opposition party submit the proposal, in accordance with procedures, and then having it voted down after thorough discussion.

We welcome the pliable attitude of the DJP because we think, in the first place, that only when we solve difficult problems through thorough debate can we cheerfully greet the year 1988, in which we are to carry out two major events--namely, the peaceful transfer of power and the Seoul Olympics.

Such a policy on the part of the DJP constitutes a significant change in its position when we recall that the DJP strategy at the Assembly opening last May was to totally block even the submission of such a bill. This is an entirely different attitude from that adopted by the ruling party in the Yusin era, when the attitude was so rigid that no discussion on constitutional amendment was permissible.

Meanwhile, the opposition party and the off-stage opposition forces, who have been calling for a constitutional revision to institute a direct presidential election, have expressed, more often than not, their willingness to cooperate in bringing about stability on the political scene if the issue of constitutional revision can be resolved to the extent that the right to choose their government is realistically returned to the people. Furthermore, it has been observed that the idea of constitutional revision for a parliamentary cabinet system, which is being discussed by some figures within the NKDP, offers a

middle-of-the-road compromise, although it gives the impression of an advocacy in disarray.

As the scene of an eve likely to bring about a settlement soon in the negotiations between the ruling and opposition camps for the normalization of the National Assembly, this is taken as a positive development. Neither a catastrophe accompanying repressive physical force nor a development of or push for constitutional amendment outside the National Assembly, putting this development in the shadows, is desirable.

Here we would like to stress that the National Assembly's decision of the constitutional revision issue should not become mere procedural proceedings dealing with legislative bulls, but rather should be a faithful consolidation of public opinion which shows the people the blueprint of the development of democratic politics, the key issue of state affairs.

As is well known, the No 1 issue in the 12 February general elections was the controversy over constitutional revision to allow for direct presidential election, aimed at 1988. The people who took part in the elections entrusted the National Assembly, through their votes, with the work of realistically discussing and resolving this essential issue. Nevertheless, some assemblymen, when the general elections were over, talked as if this issue had already been resolved at the sites of campaign speeches or at the voting places, apparently interpreting the meaning of the votes from a self-centered perspective.

In so doing, some figures boasted of the number of Assembly seats secured, and others were proud of the total number of votes cast for them. However, as far as we know the issue of constitutional revision was entrusted to the National Assembly for grand debate, not as an issue that has been concluded. How can such an issue be resolved without corresponding, full-fledged discussion?

The people are now aspiring for democratization and stability, and are anxious, with a persistent touch of a sense of unrest, to see how wisdom will be consolidated for political development toward the year 1988 and into the 21st century, and for the coexistence of the ruling and the opposition parties.

Some people describe the revise-the-constitution and defend-the-constitution debate as a life-and-death duel, but this is based on centrifugal logic. The essence of the issue of constitutional revision should be viewed from the perspective of a synthesizing logic to the effect that the safety valve for a democratic society is provided by free and public debate concerning the framework of state affairs. Realistic and practical discussion will contribute to a broadly grasp of the problem contained in the issue, even if it fails to attain a complete agreement, and to the people's comprehending the value of having a National Assembly that does not make little of its public pledge to the people. To repeat, both the ruling and the opposition parties should now ready themselves to acknowledge the usefulness of a grand debate, and to consolidate the will of the people through this grand debate; they should not argue from a self-centered perspective.

Any issue that concerns all the people should, in the first place, be discussed faithfully and seriously by the representatives of the people. There should be no such thing as postponing a key issue, or covering it up indefinitely. Appraising the attitude toward dialogue between the ruling and opposition parties these days, we would like to witness its productive development.

CSO: 4107/4

S.KOREA/POLITICS AND GOVERNMENT

DAILY ANALYZES DJP, NKDP POSITIONS ON LAWMAKER CONTROVERSY

SK220135 Seoul THE KOREA HERALD in English 22 Sep 85 p 4

[Article by Yi Chong-ku]

[Text] Without the ongoing historic exchange of visits by ordinary citizens between South and North Korea, the nation's political landscape last week would have been bleak.

Rival political parties continued to squabble, at times fiercely, over the issue of two opposition lawmakers allegedly instigating a campus disturbance.

The squabble snowballed, scuttling the hoped-for smooth operation of the regular National Assembly session that started Friday.

Meanwhile, South and North Korea held their fourth round of economic talks in Panmunjom Wednesday but made no progress. They agreed to meet again November 20.

The failure to make headway resulted not only from different positions on substance but because of procedural matters.

The Pyongyang side blocked any success by suggesting that all issues be handed over to working-level meetings, while the main talks be terminated.

The exchange of hometown visitors and art performers, on the other hand, was an epochal development in inter-Korea relations.

The visits exchange, though modest in scale, was the first of its kind in 40 years of territorial division.

All Koreans, especially members of families separated since the 1950-53 Korean War, expressed their earnest hope for an expansion of this program.

In retrospect, last week's domestic political situation was dominated by the friction between the rival parties over the indictment affair.

Reps Pak Chan-chong and Cho Sun-hyong of the New Korea Democratic Party on Monday disregarded summonses issued by the prosecution for interrogation on the alleged instigation.

The prosecution Tuesday detained the two lawmakers after obtaining court warrants of custody.

The opposition NKDP, demanding the immediate release of the two legislators, charged the ruling Democratic Justice Party with "fomenting the case."

In a statement, NKDP spokesman Hong Sa-tok pointed out that the case only arose because the ruling DJP urged the government to take legal action against the two lawmakers.

Hong demanded to know if the ruling party, which by its actions seeks to restrict the legitimate activity of lawmakers, can be credited with abiding by the principle of parliamentarism.

The one-day detention of the two lawmakers aggravated the already strained relations between the DJP and the NKDP, threatening normal operation of the regular Assembly session.

The ruling DJP Wednesday stiffened its position, saying that there was no room for political negotiation over the case.

The government party confirmed its hard-line position by saying that it would merely "take it into account" should the two legislators apologize for their alleged faults and pledge not to do likewise again.

Undaunted by the ruling party's intimidation, the opposition NKDP prepared to step up its already strong offensive against the government and the ruling party.

Confrontation over the issue worsened Thursday as the prosecution indicted Reps Pak and Cho [words indistinct] arrest for alleged violation of the Law Governing Assembly and Demonstration. The law carries a maximum penalty of seven years imprisonment.

The indictment added more fuel to the parties' confrontation.

In a lawmakers' caucus, the opposition NKDP decided to make a "grave decision," unless the ruling party negotiated a settlement of the issue by political means.

The resolution adopted at the caucus demanded that the DJP apologize for its actions and reinstate the two indicted lawmakers.

Following the caucus, a group of NKDP lawmakers visited Assembly Speaker Yi Chae-hyong at his office and urged him to exercise his political skills in negotiating a settlement of the case.

The group also insisted that the speaker take appropriate measures to help restore the dignity of the lawmakers "tarnished by the indictment."

The ruling DJP meanwhile seemed to soften, assuming a stick-and-carrot strategy on the issue. On the one hand, it welcomed the indictment of the two legislators, and on the other showed its willingness to discuss the issue with the opposition party.

While meeting with reporters, DJP chairman No Tae-u said that he was willing to meet [words indistinct] completed its investigation of the issue.

Speaker Yi visited No at his office late Thursday afternoon to discuss ways of defusing the mounting crisis over the alleged incitement.

Against this background, the floor leaders of the three major parties met several times but fell short of reaching an agreement on a schedule for the regular Assembly session.

The absence of any timetable caused the session to stalemate shortly after opening on Friday.

The bipartisan clashes were stilled for a time by the exchange of visits by groups of South and North Koreans for family reunions and art performances.

The political battles are expected to resume Monday when the present four-day exchange programs end.

Political observers say that the rival party clash over the alleged instigation was so intense because the politicians regard the issue as a skirmish of the major battle anticipated over a proposal for constitutional revision.

The opposition NKDP is fully prepared to bring all its energy to bear during the regular session to have the basic charter amended, while the government and the ruling DJP are positing to neutralize those opposition efforts.

The government and the ruling party seem to think that if they make concessions in handling the alleged instigation, they may give an impression that they are not strong enough to ensure continued social stability.

The opposition party, on the other hand, appears to believe that if it appears to be cowed by the government and the ruling party in connection with the issue, it may face a setback in its efforts toward effecting constitutional change.

CSO: 4100/002

S.KOREA/POLITICS AND GOVERNMENT

LAWMAKER SEEKS INJUNCTION AGAINST SUSPENSION OF LAW PRACTICE

SK280010 Seoul THE KOREA TIMES in English 28 Sep 85 p 8

[Text] Lawyer and lawmaker Pak Chan-chong yesterday filed a suit with the Seoul Appellate Court, seeking a court injunction against the justice minister's suspension of his law practice.

Defense lawyers for Pak, including Rep Chang Ki-uk, contended in the complaint that the justice minister's action against the opposition lawmaker contravenes the Constitution, which provides that all suspects are assumed to be innocent until the court's final conviction.

Justice Minister Kim Song-ki suspended Rep Pak, of the opposition New Korea Democratic Party, from practicing law until the court's final decision on his case, regarding violation of the law governing assemblies and demonstrations.

The minister's action was taken based on the Attorney Law, which stipulates that the justice minister can suspend the law practice of a "criminally indicted" lawyer until the court's final ruling.

Rep Pak, together with Rep Cho Sun-hyong, was indicted without physical detention for having joined an illegal rally in front of the main gate of Korea University on September 6.

He is additionally charged with having instigated student activism by delivering a verbal message from a jailed student leader to rallying students.

The justice minister prevented him from continuing to take charge of free legal representation for student defendants indicted for anti-government activities, including those involved in the seizure of the USIS library.

CSO: 4100/002

S.KOREA/POLITICS AND GOVERNMENT

EDITORIAL CRITICIZES POLITICAL 'MUSCLE FLEXING'

SK221142 Seoul TONG-A ILBO in Korean 19 Sep 85 p 2

[Editorial: "Politics Should Also Be Romantic and Elegant"]

[Text] Lawmaker Cho Sun-hyong, who was interrogated by the Public Prosecutor's Office on charges of violating the assembly law, said lamentingly that politics are no longer romantic nor elegant. His words seem to have most appropriately described the politics of the present era, in light of his words themselves, but not in light of the charges brought against him. To the eyes of the people who have no choice but to be content with being spectators, regardless of whether or not they are active spectators, the acts of those who play the leading role in politics, who are dancing and singing songs on stage, are so dreary that these spectators regret the very fact that they are watching them, instead of applauding them.

Of course, the game called politics is not supposed to bring about happy endings--romantic and elegant endings--all of the time. Politics are understood, or rather we would like to understand politics, as a game in which the participants seek to put themselves in a more favorable position despite adverse conditions, to gain profits that sit well with the interests of their own parties, and eventually to gain popularity, sometimes, through strategy and compromise. Naturally, there can be a war of nerves, friction, and violent clashes in this game of politics.

Aside from the words of Churchill who said, I value hypocrisy for peace more than brazen-faced evils, the game called politics should be played in such a manner that the politicians excite the voters through tactics that are sometimes true and sometimes not true, and when the balance between rival politicians is on the verge of breaking, they should elaborately bring the crisis under control and relieve the spectators of their anxiety by dint of their political experience. If such political maneuvers are ridiculed or are called political habits of the past era, we have no words to comment on that. But then, what kind of politics do we have today?

When Dr Syngman Rhee founded his Liberal Party, a man came to him with an idea that could destroy the Democratic National Party, Dr Syngman Rhee's opposition party. Dr Rhee flatly refused to accept his idea, saying: What are you talking about? Our party can acquit itself well only if there is an opposition party.

At least, Dr Syngman Rhee's political idea was as such at the beginning. Lawmaker Chon Chin-han, a former member of the Democratic Political Party, who called for abolishing the emergency decree, which was imposed after demonstrations were held against the normalization of Korea-Japan relations, said: I lament that our country has no politics worth conducting. I remember China's Liang Qichao once said that Korean people have no political capabilities. I am of the opinion that he was entirely right. The Korean people have no political capabilities at all. They always are bent on using physical force instead of trying to solve things through dialogue. He said these words in June 1964, some 20 years ago. And the politics of the present day are referred to with the same words. What kind of political climate is there now? Does this mean that there has been no political development over the past 20 years?

A few days ago, National Assembly Speaker Yi Chae-hyong said to vice presidents of the New Korea Democratic Party who called on him: I look back on the days when we were members of the National Assembly which legislated our country's constitution. We wore rubber footwear at that time and had to walk from a streetcar station in front of the capitol building to the National Assembly building. The best days of my career were when I was a member of the National Assembly. At that time, we were respected and did our job. We, who can easily understand what the National Assembly speaker meant by such words, should realize why voters readily agree with such comparisons and reminiscences.

[Word indistinct] expecting politics to be romantic and elegant can be shunned as too naive [word indistinct] idea not based on reality. However, romanticism and elegance are not monopolized by poems and novels. The readers of poem and novels are quite limited, mostly women. However, if politics take on such a romantic and elegant dimension, they will give the people in this country, who are now feeling better in the crisp autumn weather after the long and tedious summer, more breathing room and cause their desires to stay alive in their minds. And such politics will also leave the people with an impression that our politics have matured.

If Deng Xiaoping's defeating a Shanghai champion in a bridge game and Japanese Prime Minister Nakasone's poems are translated and published in English, French, and Chinese, things not very significant in political terms, give the people the impression that they are broad-minded politicians, so too our politicians should sometimes laugh their heads off and soften the hearts of the people who hope for smooth political developments, instead of raising voices over trifling matters or overreacting with muscle flexing. Maybe this is a grasp that is not within our reach.

CSO: 4107/001

S. KOREA/POLITICS AND GOVERNMENT

TONG-A ILBO EDITORIAL ON NATIONAL FOUNDING DAY

SK080713 Seoul TONG-A ILBO in Korean 3 Oct 85 p 2

/Editorial: "Standing On a Point of History: National Independence and Self-respect To Be Refreshed On the National Foundation Day"/

/Text/ Again we mark and pass National Foundation Day. The country founded by Tangun is now 4,318 years old. On this day, we once again realize the gravity and length of the national history which is hard to fathom with such descriptive words as everlasting or endless.

In this context, it is no less important to seriously consider how we put the principle of historical development into practice and its speed rather than hold stately functions to refresh our memories on the significance of National Founding Day. Finding the source of our true national independence and self-respect and self-examination, whether or not there have been some defective aspects or irrationality in the course of keeping our national independence and self-respect alive, will not only be useful for charting our future, but also for handing down to posterity a history that is not shameful by examining the footprints of our forefathers.

Let us stop looking on the distant past. At the turn of the century, our country was swallowed up by the Japanese imperialists and we were denied decent lives. Our national history and culture were either polluted or distorted by their dirty hands. Naturally, our national independence and self-respect that we should have kept were lost. However, what really saddens us and distorts the stream of our history began, we believe, after our country was liberated from them. Aside from what our people suffered under the Japanese imperialists' domination, a series of acts and deeds by those in power since the establishment of our own government completely discolored national spirit beyond recognition and more so because they have led politics so erratically.

Some of those who were in power tried to claim that such an erratic charting of course was inevitable in view of reality. However, it should have been seen to that those who had actively served outside forces were removed from the scene, even for a while, when the legitimacy of our country was regained after a long hiatus. In this way, the roots and substance of the country should have been regained and the natural course of history and its advance should have been ensured accordingly. Now we know it so well that the gear

of history which began to get meshed in disorder has spawned a great deal of friction and love-and-hate relations in our society. In this context, the culture itself was not spared its sufferings. While our country was still reeling from the dazed feeling caused by the Japanese imperialists, things foreign or trends akin to them led by U.S. and Soviet cultures flowed into our country in waves that could not be resisted and settled in our still soft cultural soil, taking place of the ancient cultures of our country.

It might have been a natural course or irresistible phenomenon that our country had to live with as an open society. We also know it well that we might be trapped in by such a rigorous attitude as valuing only our own things and ignoring the others if we act otherwise. The question is that we have not been able to distinguish what must be given first priority to from those that can be put on the back burner and things that must be done in the first place from those that can be done later. This does not only apply to the field of arts that are blossoming in our midst. The politics of our country, that hold the fate of this society in its grip, have further retrogressed and deepened frictions among groups that have different views and interests. We feel greater contradictions in the fact that the politicians who are supposed to look squarely at and reflect the will of the people who have been fully awakened over the past 40 years since national liberation, are still looking down at their toes and are confined to their immediate affairs.

In spite of all this, the history does not retrogress and will continue to march without interruption. Belatedly though, the people now know what course our national independence and self-respect should follow as well as in what manner the spirit of our founding father, the Hongik Man, which may be a semblance of democracy, should be embodied. They know this by comparing the situation they find themselves in to those of other peoples. It is hoped on this day when everybody is supposed to reopen his eyes to the roots of our nation which has weathered the history of 4,000 years would refresh his memory of the Hongik Man spirit and realize on what point we now stand.

CSO: 4107/006

EDITORIAL ON PUBLIC'S NEED TO BE INFORMED

SK080115 Seoul CHOSON ILBO in Korean 1 Oct 85 p 2

/Editorial: "The People Are Also Entitled to Know: On Information Co-ownership"

/Text/ A certain philosopher said that knowledge is power. However, it seems correct these days to say that information is power. If you rephrase this, you get: politics equals power equals information. Therefore, those who plan to join politics must be supplied wide-ranging information and must continuously supply other people with information. It seems that politics is synonymous with political communications.

The people must not remain aloof from information, either. If they do not know what is happening in the society, can they get their due share? Therefore, a democratic, open society regards a wide open, free information market as, *inter alia*, a foremost principle.

However, in a dictatorial state those who possess power monopolize information, only because they must grab power. Even though they are always saying that information is a means for guidance and an instrument for education, in reality this is a trick to deceive and fool all the people in order to monopolize power. We have recently seen that North Korean residents blindly believe that they are living in a paradise, while thinking that South Korean children are reduced to begging. This is a result of the implantation of false information knowledge by means of a thorough fabrication of information. Even in a free society, those who possess power are easily tempted to do this: They dramatize just a bit of the whole reality in a way favorable to them and uniformly spread it, while keeping the whole truth to themselves. There was one instance in which such a programming policy, which a public television station has continued to follow, brought about an adverse affect in the 12 February general elections. Persons in charge of information(?), who are afraid of being censured if they abruptly provide the whole truth to the public, tend to keep information in their drawers and to distribute it internally after labeling it "confidential."

Opposition parties have often known nothing about important state affairs. It is worthwhile to examine how well opposition parties have been informed on the North-South dialogue since the 1970's. Everytime they hear such criticism, those in power tend to say that they cannot open all information to the public because of fear that the general public, rather than intellectuals, may be

disturbed. This means that they regard the people as kindergarten children. They should know that the people can analyze all situations. The people have come to read between the lines in newspaper articles and to interpret what the ruling circles say.

The people tend to develop a feeling of mistrust in government policies because of information control or monopoly. Even though those in power say that the people must change their attitude by raising their consciousness, they are who first must ask themselves who made the people have such feelings.

Recently, big private enterprises and academic circles, as well as bureaucrats, have acquired the habit of monopolizing information. Therefore, it is understandable that the secret method of making Koryo dynasty celadon has been lost.

In Great Britain, the shadow cabinet of the opposition party is informed of important state policies before they are implemented. U.S. Government officials let the people and media know important information in their noon briefings. In Japan, the LDP, the Clean Government Party, and the JSP are conducting diplomacy well by sharing and representing state interests through co-owning information among the ruling and cooposition parties. Therefore, unlike us, the people are not shocked even at great changes. They have no reason to be shocked because they are fully aware.

Taking talking of information co-ownership system as an opportunity, we hope that our people are allowed to know more. Our people have every reason to know. We again hope that the arrogant, useless precaution of saying that it is troublesome for the people to know too much all at once will be done away with.

CSO: 4107/006

S. KOREA/POLITICS AND GOVERNMENT

BRIEFS

NKDP COUNTERS DJP DENUNCIATION--Hong Sa-tok, spokesman of the New Korea Democratic Party, has issued a statement in response to the statement issued by the DJP spokesman on talks between Kim Yong-sam and Massashi Ishibashi, chairman of the Japanese Socialist Party /JSP/, saying: It has been known to the public that the JSP has basically changed its policy toward the Korean peninsula and its recognition of the peninsula since the outset of the year. Our party's maintenance of friendly relations with this party will conform with the interest of the country. Spokesman Hong said: the DJP's denunciation, on irrelevant grounds, of interchange between the leading opposition parties of the two countries is the product of the ideas of the cold war era. If the JSP's recognition of the Korean peninsula and the situation there had not changed, the government and the ruling party should have made public all information on this. /Text/ /Seoul TONG-A ILBO in Korean 7 Oct 85 p 1/

REMARKS ON KIM YONG-SAM'S REMARKS--On the afternoon of 5 October, the DJP issued a statement on Kin Yong-sam's agreement with the JSP chairman on exchange between the New Korea Democratic Party /NKDP/ and the JSP. This is interpreted as assuming the nature of pointing out the problem without overlooking it and as indicating that there will be no more measure to expand the case. On 7 October, a DJP official explained the background of the issuing of the statement as follows: "Some people say: 'We wonder if the issuing of the statement will cause an unnecessary problem at the stage of concluding the work of normalizing the National Assembly' or 'Is there a need to make Kim Yong-sam a hero by talking about him?' We could not but take issue with the fact that the NKDP, which is not a progressive socialist party, talks about exchange with the JSP, which views North Korea as a sole legitimate government." It has been learned that a report on the problem involving Kim Yong-sam was made at a meeting of party postholders on 5 October, but the content of the statement was discussed and decided at a meeting between the government and the ruling party. /Text/ /Seoul CHUNGANG ILBO in Korean 7 Oct 85 p 2/

JAPANESE POLITICIANS ATTEND MEETING--A meeting commemorating the publication of the Japanese edition of the book "The Truth of Myself and Our Fatherland" written by Kim Yong-sam, cochairman of the Council for the Promotion of Democracy, and welcoming his visit to Japan, was held at Tokyo Hall in Tokyo on the afternoon of 4 October. It was attended by 23 members of the House of Representatives, 10 members of the House of Councillors, and many other figures from the political, educational, and press circles, including former Foreign

Minister Ito Masayoshi (LDP) and JSP Secretary General Tanabe Makoto. Speaking at this meeting, Chairman Kim stressed: Neither the ROK nor the Japanese people want ROK-Japan collusion which is dark and hidden behind a veil. There should be cooperation and solidarity between the ROK people and the Japanese people based on justice and conscience. Dietman Ito Masayoshi, in a welcoming speech, said: We look forward to a peaceful transfer of power in the ROK in 1988 and we expect you to do your best. Secretary General Tanabe Makoto stressed the need for closer cooperation and exchanges between the NKDP, representing the democratic forces in the ROK, and the JSP, with Chairman Kim's visit to Japan as a turning point. /Text/ /Seoul TONG-A ILBO in Korean  
5 Oct 85 p 27

'HARMONY' URGED AGAINST U.S. PRESSURE--NKDP president Yi Min-u said yesterday that part of the announcement of the results of Friday's meeting of the leaders of the three parties was misrepresented. "It is natural for political parties to play their roles in protecting national interests in the trade friction with the United States," he said. "However, the report that rival parties agreed to adopt a joint resolution on the issues seems to be distorted," he said. The opposition leader said that rival parties should cope with the U.S. demand for more access of American goods to Korean markets in their own way. He added that it is important to ensure an overall harmony in copying with the U.S. pressure. [From the column "Out and About"] [Text] [Seoul THE KOREA HERALD in English 29 Sep 85 p 4 SK]

BREAKTHROUGH AMONG PARTIES 'WELCOMED'--It is a relief to observe that a breakthrough has been made in the prolonged dispute between the ruling and opposition parties over the indictment of two opposition lawmakers, so that the National Assembly's regular session, thus far stalled, may finally commence normal functioning by late next week. Though several days of negotiations would be needed for their respective floor leaders to settle specific pending issues, it is noteworthy that the turn of events paving the way for the resumption of parliamentary functions resulted from what was described as a candid and in-depth talk between the top-ranking leaders of the two major political parties, the ruling Democratic Justice Party and the main opposition New Korea Democratic Party. True, in addition to the controversial prosecution of the two oppositionists in connection with campus unrest, there are numerous divisive issues that may again undermine the Assembly proceedings. This notwithstanding the latest instance of high-level political negotiation proved the vital need for and value of meaningful dialogue between opponents, a practice which is hoped to prevail in the course of managing the nation's hard-pressed political and socioeconomic circumstances. [Editorial: "Political Accommodation"] [Text] [Seoul THE KOREA TIMES in English 28 Sep 85 p 4 SK]

STUDENT DEMONSTRATIONS IN SEOUL, PROVINCES--About 2,000 students of 14 colleges and universities across the country staged demonstrations at their campuses yesterday, opposing the campus stabilization bill or demanding the release of detained students. Seven Seoul universities were involved. Approximately 400 students of Hanyang University in Seoul held a rally and

marched on their campus for about 30 minutes beginning around 3 p.m. They chanted such slogans as "Drop the plan to legislate the Campus Stabilization Law," and "Release arrested students." About half an hour earlier, some 300 students of Kyonghui University rallied in front of the university's library, demanding revision of the Constitution "to restore democracy." About 100 Sungjon University students staged antigovernment demonstrations on the campus around 1:30 p.m. and clashed with riot police while attempting to take to the street. They dispersed later. [Text] [Seoul THE KOREA HERALD in English 27 Sep 85 p 8 SK]

UNIVERSITY TO DISMISS STUDENT DEMONSTRATOR--Seoul National University yesterday decided to dismiss Kim Yong-chol, a senior sociology major, who was elected president of the student council this semester. Kim was arrested by the prosecution on September 17 as he was being elected, for his leading role in student demonstrations. He was to succeed Kim Min-sok, now on trial for the case of the seizure of the USIS library in May. The school is also to cross out the names of two other seniors, Ko Myong-sok of the religious studies department, and Kang Yim-ho of the economics department, for their campus activism. [Text] [Seoul THE KOREA TIMES in English 26 Sep 85 p 8 SK]

STUDENTS GIVEN JAIL TERMS--The Seoul Appellate Court yesterday sentenced three college students to one year in prison each for attacking a candidate in last February's parliamentary election. Rejecting appeals by the prosecution, senior judge Kim Chu-sang upheld the one-year jail term handed down by a lower court for Yi Chol-u, 22, and Kim Am, 22, both of Seoul National University, and So Chong-ho, 21, of Chungang University. In June, a district court panel found the three guilty of throwing a bucket of ammonia water over Rep Ho Chong-il of the ruling Democratic Justice Party during a February 2 campaign rally on an elementary school ground in Tongjak-ku, Seoul. [Text] [Seoul THE KOREA HERALD in English 25 Sep 85 p 8 SK]

RESPONSIBILITY FOR CAMPUS ISSUES--Vice Minister of Education Kim Chan-chae said that the government and professors should jointly assume responsibility for campus issues. "Before the campus autonomy system was introduced early last year, the government influence was great in the management of colleges and universities. However, both the government and professors should be held responsible for campus issues, now that the autonomy system has been introduced," he said in a speech at Seoul National University Monday. His speech was followed by special lectures by relevant officials from the Economic Planning Board, the Ministries of Education, National Defense and the National Unification Board. He urged that professors should be more active in counseling students by saying, "Seoul National University is influencing other schools, not only in the academic field, but also in campus matters." [Text] [Seoul THE KOREA HERALD in English 25 Sep 85 p 8 SK]

CHARGES REGARDING KOREA UNIVERSITY RALLY--Rep Chang Ki-uk of the opposition New Korea Democratic Party yesterday presented himself at the Seoul District Prosecution and testified on the party's charge against the home minister and three senior police officials. The NDP accused them of being responsible

for the police obstruction of dissident figures from entering the campus of Korea University to join a "legal and peaceful" rally on September 6. Rep Chang legally represents the party in connection with the charge, which was filed in the name of Yi Yong-hui, secretary-general. In his testimony before prosecutor Kim Won-chi, Rep Chang maintained that the student rally held in the auditorium of Korea University, which the dissident figures attempted to join, was "legal and peaceful," bearing no likelihood of stirring up unrest. To endorse his assertion, he demanded that the prosecution hear testimony from jailed student activist Ho In-hoe, who led the rally, and Mrs Kim Chun-ok, the mother of student leader Kim Min-sok, who attended the protest. [Text] [Seoul THE KOREA HERALD in English 25 Sep 85 p 8 SK]

NO TAE-U REMARKS RE 'LAWMAKERS' CASE'--Rep No Tae-u, chairman of the ruling Democratic Justice Party, claimed yesterday that the case of two New Korea Democratic Party lawmakers "is a trifle thing, compared with piled pending problems the nation is now faced with. We should have broader view of national affairs without clinging to such a slight issue involving Reps Pak Chan-chong and Cho Sun-hyong indicted on charges of violating the Law on Assemblies and Demonstration," he said. "I think that he (Rep Yi Min-u, president of the NDP) has the same thought", he said. "Now is the time when all the politicians, irrespective of their political affiliation, should pool wisdom to bring more interests to the nation," he said. It is very foolish of the politicians to waste time because of such a trifle case of the two NDP lawmakers, according to him. The piled national problems he cited include the trade relations between Korea and the United States, South-North talks, and economic problems. [From the column "Press Pocket"] [Text] [Seoul THE KOREA TIMES in English 24 Sep 85 p 4 SK]

ASSEMBLY SCHEDULE DISAGREEMENT--The National Assembly failed to meet yesterday, because rival political parties had yet to agree on a schedule for the current 90-day regular session. The Assembly was scheduled to resume a plenary session at 10 a.m. but only five lawmakers showed up in the main chamber at the appointed time. The stalemate in the operation of the regular sitting is likely to continue till the end of this month because of the bipartisan clash over two opposition lawmakers' alleged instigation of campus unrest. The leaders of the three major parties will meet tomorrow in a bid to defuse the mounting crisis over the issue. They are unlikely to negotiate a settlement of the issue because the suspension by the government of Rep Pak Chan-chong's qualification as lawyers worsened the friction between rival parties. Political sources said that they expect rival parties will begin full-fledged negotiations toward the end of this month to [word indistinct] a settlement of the issue. The Democratic Justice Party and the New Korea Democratic Party held separate meetings of their officials yesterday only to reaffirm their strong positions on the issue. [Text] [Seoul THE KOREA HERALD in English 22 Sep 85 p 1]

S. KOREA/MILITARY AFFAIRS

ROK DAILY URGES ARMY TO BECOME 'WATCHMAN' FOR DEMOCRACY

SK041338 Seoul TONG-A in Korean 1 Oct 85 p 2

[Editorial: "The 37th Anniversary of the Army"]

[Text] The army has grown to greet the 37th anniversary of its activation, dated from the establishment of the government in 1948, 3 years after liberation. The army has grown into a powerful army of 600,000 men equipped with sophisticated weapons since the time of its inception with some 50,000 men and poor equipment, such as old-type rifles left by the Japanese army and military hardware taken over from the U.S. forces.

In its infant stage, our army experienced the Korean war. Three days after the outbreak of the war, our armed forces were forced to abandon Seoul and to shift the line of battle while retreating toward the South. Until the signing of the Armistice Agreement 3 years and 1 month after the outbreak of the war, our army won victories in battles fought at various places; it even advanced to the Yalu River at one point.

While defending the 156-mile truce line since the signing of the Armistice Agreement, the army has also sent troops to Vietnam and continuously carried out counterespionage operations, thus performing the duty of defending the national territory. At the same time, every time the country has faced great coups d'etat [chongbyon], the army has appeared before the people as a martial law army.

The army is confident that it will not retreat like it did during the Korean war, no matter what southward invasion attempt by the North Korean communist group it may face. The military capability of the army is bolstered by domestically manufactured sophisticated weapons, such as tanks, destroyers, aircraft, and missiles, and by the organization of personnel whose educational level exceeds that of high school graduates.

Although implementation of the army plan for military buildup began 10 years later than the North Korean puppets' buildup, the army has attained remarkable success thanks to defense tax revenue, during the past 10 years and to the more than 2.5 billion won donated by the people for defense purpose. If our self-defense capability continues to develop at the present pace, it is likely that an independent system including the right to operational command will be discussed.

The content of the revenue and expenditure plans regarding defense funds have not been made known in detail, on the pretext of security. However, this question should be discussed fully in the process of the review of the issue at the National Assembly.

While we spend 6 percent of GNP for defense purposes, the North Korean puppets spend 24 percent of GNP. Thus, the latter spends the largest sum for defense purposes in the world. The North Korean puppets are engrossed in war preparations, without paying attention to the lives of the people.

Despite the fact that North-South dialogue is under way, and despite the North's overture for peace, the army should further strengthen its complete post of vigilance. This is why the army should be mutely devoted to its duty of defending the country, even though the people become restless to some degree.

Today, it is not the army alone that is charged with national defense in a modern country. The army develops when it assumes an all-out security posture together with the people. The short-cut to all-out security is to build a country that all the people want to defend at the cost of their lives by developing democracy and freedom. If the army defends the national boundaries, and if it excellently performs its role as a watchman for the development of democracy, the army and the people will jointly steer the great while of history as it develops.

CSO: 4107/4

S.KOREA/MILITARY AFFAIRS

DAILY PRAISES CIVIL DEFENSE CORPS' ACHIEVEMENTS

SK250026 Seoul THE KOREA TIMES in English 25 Sep 85 p 4

[Editorial: "Role of Civil Defense"]

[Text] The nation has this week observed the 10th anniversary of the founding of the Civil Defense Corps (CDC), with ceremonies held in Seoul and other cities and provincial regions across the country.

Along with the Homeland Reserve Forces, members of the CDC have played their due role in national security, particularly in the rear areas.

At the same time, the CDC components have been mobilized to the scenes of various disasters in their respective communities, extending their prompt assistance to the police and other security forces rushing to the spots of such natural hazards as floods and droughts.

In this way, they have made substantial contributions to safeguarding the lives of citizens and their property at the time of accidents taking place around us frequently.

Disasters, whether they are natural ones or those caused by "human error," tend to be large in scale, claiming numerous precious lives and great loss in property.

With the lapse of a decade's time since its birth, the CDC has now grown to a 4.2 million-man force, with its organizational function becoming highly mobile at the respective levels in the local communities throughout the nation.

At the time of spotting any suspicious infiltrators from the other side of the divided land in the remote corners of the country, for example, the CDC elements are trained to promptly make reports to the nearby security authorities, while being on the alert in their own hometowns.

It is believed that the North Korean society has turned into a huge military camp, along with its loud revolutionary slogans against South Korea.

Keeping this in mind, it is considered most appropriate for the south to have activated the civil defense system, dating back to the mid-1970s.

It is recalled that the activation then of the CDC was coincident with the consecutive falls of three Indochinese countries to the hands of Asian communists, exposing a sour reality in international politics in this part of the world.

The Korean people residing on both sides of the country have recently experienced rather brisk inter-Korean dialogue through various channels of talks, including the realization of impressive reunions of dispersed families and relatives.

Aside from this, however, the peace offensive being staged by North Korea remains ever precarious amidst the ominous South-North confrontation.

It is against this backdrop that the high morale of the CDC members in their routine trainings in preparation for any future eventuality to be provoked by the North should be maintained as much as that among the regular military forces posted along the front line areas.

CSO: 4100/002

S.KOREA/MILITARY AFFAIRS

CHON OBSERVES EXTENSIVE FIELD EXERCISE BY SPECIAL UNITS

SK280051 Seoul THE KOREA HERALD in English 28 Sep 85 p 8

[Text] An extensive field exercise participated in by special units of the three armed services was conducted at a river and mountains in the central-western forward area yesterday.

President Chon Tu-hwan and First Lady Yi Sun-cha observed the 75-minute-long demonstration which involved army paratroopers, air force fighters, including F-16s of the U.S. Air Forces, bombers, transport airplanes and army tanks.

Also observing the exercise dubbed "Pilsung (Victory) Special Warfare Exercise '85" were ranking government officials, foreign diplomats and high-ranking Korean and U.S. military officers, totaling about 4,500.

The exercise was designed to test the combat capabilities of the special units, increase public trust in the armed forces and renew determination to safeguard the nation, military officials said.

The operation was launched by a simulated surprise attack by enemy forces at an early morning hour.

According to the scenario of the operation, the enemy first infiltrated its paratroopers into both front and rear areas of South Korea by using its AN2 light transport planes.

Simultaneously enemy forces launched a full-scale attack on all fronts, something similar to what North Korea did in starting the Korean War 35 years ago.

Friendly forces who were in a top readiness against the enemy's surprise attack promptly moved into action and launched quick counterattacks.

While members of the armed forces were deterring the enemy attack, a large number of reserve forces were called into the frontline to crush the enemy forces.

Leading the counterattack by friendly forces, army paratroopers jumped into rear areas of the enemy to destroy key military and industrial facilities from an altitude of 3,000 meters under cover of darkness.

They destroyed enemy radars, power plants, oil depots, trains carrying war materials, navy ships and other major military facilities one by one in quick succession.

Another special warfare unit infiltrated the enemy's frontline on foot to detect a major enemy tank unit and radio its location to friendly forces. They guided bombers to the enemy tank unit by radio for pinpoint bombing. Another commando unit sneaked into the enemy's command post to capture the enemy commander.

While the enemy forces were about to successfully conclude their infiltration operations, friendly forces launched a fullscale counterattack.

First air force fighters and bombers scrambled and destroyed enemy's air bases. Another group of bombers attacked enemy ground fortresses to stun enemy ground troops.

Simultaneously, friendly ground forces bombarded enemy bunkers and tanks by using TOW missiles, tank guns and 106mm recoilless guns.

Allied marine troops crossed a river and raided the enemy positions.

Some 75 minutes after it started, the mammoth operation ended in complete victory for friendly forces.

CSO: 4100/002

S.KOREA/MILITARY AFFAIRS

BRIEFS

SOVIET SS-25'S IN F. EAST--Tokyo (YONHAP)--The Soviet Union has dismantled some of its SS20 medium-range nuclear missiles deployed in the Far East and Eastern Europe, and has begun fielding new versions of the SS25 intercontinental ballistic missile, the YOMIURI SHIMBUN reported Saturday quoting U.S. Administration sources in Washington. The sources were quoted as saying that U.S. intelligence services had kept a watchful eye on the withdrawal of medium-range missiles from existing silos and confirmed empty silos had been rearmed with sophisticated SS-25's. They also said that the installation of SS-25 ICBM's was under way in the Far East and East European countries. However, they refused to give details about the number of SS-25's already deployed, saying it was a classified national secret. About 10 SS-25's have been put into service, according to the paper. It was learned that the SS-25 is the same size as the U.S.-built Minuteman ICBM, and employs multiple independently targeted reentry vehicle (MIRV) warheads, and solid fuel, which enables a missile to be launched on a shorter advance time than does liquid fuel. [Text] [Seoul THE KOREA HERALD in English 29 Sep 85 p 1 SK]

CSO: 4100/002

S.KOREA/ECONOMY

#### SIXTH 5-YEAR ECONOMIC PLAN REVIEWED

Seoul HANGUK ILBO in Korean 14 Jul 85 p2

[Article by Pak Mu: "The Sixth 5-Year Economic Plan--The Look of Our Economy in the 1990's"]

[Text] In policy talks held at the Korea Development Institute yesterday, the government presented its general prospectus for the Sixth 5-Year Economic Plan whose key points include achieving an average annual growth rate of 7 percent through the period (1987-91), and raising the per capita GNP from 1985's \$2,003 (estimate) to \$3,500 in 1991.

The most outstanding feature of the Sixth 5-Year Plan is that we are to grow on our own, without relying on foreign loans. The capital resources needed for growth are to come entirely from domestic savings; even though the growth rate might slow a bit, we will not bring in foreign loans to speed it up. As a result, the growth rate for this 5-year plan has been set at 7 percent, somewhat lower than past 5-year plans which set growth rates at between 7 and 8 percent.

Up to this time we have had a high rate of growth of over 7.5 percent accompanied by the abuses of inflation and growing foreign debt; now we will have a somewhat lower rate of growth while holding inflation firmly at the 2-3 percent level and beginning to reduce our foreign debt. If we achieve the planned 7 percent growth rate, our current (1985) GNP of \$82.5 billion will increase to \$156.4 billion by 1991 and our per capita GNP will increase from the current \$2003 to the level of \$3,500.

Exports are to increase in quantity 9 percent each year to reach \$59 billion by 1991, with imports to total \$56.5 billion. A balance of international payments is to be achieved by 1986, and we are to be in the black in 1987, increasing to a plus \$2.2 billion in 1991; as a result, our net foreign debt (total foreign debt less foreign credits) will begin to decrease in 1987, shrinking from \$34.6 billion in 1987 to \$29.7 billion in 1991.

In addition to abandoning the attachment to high growth rates and stressing growth on our own, another clear feature of the Sixth 5-Year Plan is that it stresses broad institutional reforms throughout the economy and society and

the enhancement of the quality of life. Setting up the framework for social security is an important goal, with a national pension system slated for 1989 and staged expansion of regional medical insurance set to begin in 1987 so that virtually all the people will enjoy the benefits of medical insurance by 1991.

Another major task of the plan is to make solid middle class ranks of impoverished persons by providing housing for the homeless and pushing comprehensive measures to enhance the livelihood of low income persons. The plan also stresses the easing of the imbalance in income and uneven regional development, strongly pushing broad regional development and measures to enliven regional economies. The plan calls for the opening of the full-scale era of regionalization along with the institution of the local governance system to begin in 1987.

In the economic sector, the plan emphasizes stabilizing a new economic order based on self-regulation, openness, efficiency and rationality; pursuing growth with substance; restructuring industry; and establishing Korea as a technological country. Also under consideration are: full-scale implementation of the comprehensive property tax system now underway; implementation at an appropriate time of the system, now on hold, that will require disclosure of names of the actual persons involved in financial transactions; and a plan to root out the sources of inefficiency and irrationality.

The government regards the Sixth 5-Year Plan as "the preparatory period for entering the ranks of the advanced nations." The government is saying that it will, through broad reforms in the socio-economic system, eradicate all of the inefficient, irrational, pre-modern, and backward elements and build the foundation for an advanced socio-economic system. Along with this, the government is saying that at the time when the Sixth 5-Year Plan ends and we have realized the income level of the per capita GNP of \$3,500, we will be able to cross the advanced country threshold.

A summary of the key points of the Sixth 5-Year Plan for each sector follows.

#### Social Development

As of the end of 1981, 49.7 percent of the population received medical insurance benefits, with 3.25 million policy holders and 17.05 million beneficiaries; the Sixth 5-Year Plan calls for expanding regional medical insurance coverage by 3 to 4 million persons per year so that almost the whole population will have medical insurance by the target year 1991. The regional medical insurance program plans to expand its implementation in stages, beginning with rural communities where such factors as income levels and the distribution of medical facilities are favorable. The plan calls for funding to come in part from the government, in part from increased premiums, and in part from decreased benefit payments. The national pension system, set for staged implementation beginning in 1989, will first be implemented for businesses employing 10 or more persons and will be expanded yearly to include other workers, farmers, fishermen, and self-employed persons. The funding for the national pension system will come entirely from contributions by employers and employees.

Pensions for retired persons over age 60 who have paid into the system for 20 or more years will be set at 40 percent of their pay at the time of retirement; the pensions amounts will be adjusted upward in cases where pay at the time of retirement is small, and downward where pay is large (to a maximum of 58 percent and a minimum of 30 percent or, where the recipient has contributed for 30 or more years, a maximum of 80 percent and a minimum of 52 percent).

The proposal currently under consideration will have employees contribute 3 percent of their monthly pay and employers 4 percent, for a total monthly contribution of 7 percent to the pension fund.

The plan calls for the employers contribution to come from the funds now set aside as severance reserves (8.3 percent of monthly pay) in order to eliminate duplication. Thus half of the severance pay system will be absorbed by the national pension system. Along with its expansion of such social security programs as the medical insurance system and the national pension system, the government also plans to create an institutional mechanism to encourage the provision of housing for the homeless.

The government has decided to revise and expand housing financing by such methods as providing a new "periodic savings program for housing" targeted on participants in the lump sum savings program, while considering and deciding to push a plan to increase the supply of rental housing and building lots in order to raise the national average housing supply rate to 72.4 percent in 1991. The government has also made provisions for raising the living standards of the poor, deciding to reduce the percentage of the population below the poverty level from the current 7 percent to 5 percent in 1991.

#### The Agriculture and Fisheries Sector

Concerned with the situation where leased farmland accounts for 26.8 percent of all farmland and where under-the-table leasing has become widespread, the government plans to revise the law and provide a systematic means of bringing the leasing of agricultural land out into the open. Also, the government has decided to relax greatly the current 3 chongbo limit on the ownership of agricultural land.

The shrinking and aging of the rural population has caused a loss in rural labor power while at the same time the size of the average farm is too small to permit mechanization. Thus the plan is to make farms larger and provide for mechanization by increasing the upper limit on agricultural land ownership and by legalizing the leasing of agricultural land, thereby encouraging the development of agriculture into for-profit enterprise like proprietorships in the cities.

#### Enhancing the Industrial Structure

The government plans to consolidate in stages the 70-some laws for fostering, promoting, and advancing the various kinds of industry as well as the 80-some laws regulating industry, overhauling the system in order to maximize freedom, competition, creativity, and vitality in private economic activities. The government has decided to change the method by which it aids industry from the

current provision of aid to particular industries to a method of investing or providing aid in certain areas such as technology development, manpower development, the development of new products, energy conservation, or pollution prevention.

The government plans to speed up the weeding out process for dying industries where additional investment is not appropriate by liberalizing imports and reducing customs duties; for growing industries where additional investment is desirable, the government plans to provide tax and financial aid for specific products.

In order to reduce the concentration of economic power, the government plans to encourage the expansion of the production of main enterprises through the disposal of branch enterprises and nonindustrial real estate, to introduce a system of professional management, and to prepare measures for the dispersal of stock.

#### Manpower Development

As part of its plan to ensure employment security, the government plans to study and push for the establishment of special manpower corporations responsible for job training and job placement services. The government has decided to study a plan that will have these corporations carry out the function of job training while also providing nation-wide employment information and job placement services.

With the lengthening of the average life span the aging of the population is proceeding at a faster pace, yet most companies follow a policy of retirement at age 55, so that unemployment for persons between 55 and 60 has arisen as a serious problem and there are even many cases of persons being retired in their mid-40's; concerned with this problem, the government has decided to take measures for the employment of this age group. The government is studying the establishment of a law prohibiting employment discrimination based on age, and plans to push for a raising of the retirement age.

The government plans to provide various ways for persons to gain re-employment, such as part-time work, while designing a program that will encourage business to extend the retirement age voluntarily by reserving promotions when the retirement age has been extended and by restructuring the wage system that now gives much more pay to older workers.

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CSO: 4107/239

S.KOREA/ECONOMY

REPORTAGE ON IMF SEOUL MEETING

YONHAP Previews Meetings

SK280205 Seoul YONHAP in English 0141 GMT 28 Sep 85

[Text] Washington, 26 Sep (OANA-YONHAP)--About 10,000 delegates, observers, official guests, journalists and staff members are expected to attend the joint meeting of the World Bank and International Monetary Fund (IMF) in Seoul in early October, the World Bank announced Thursday.

The plenary session is scheduled for October 8-11 at the Hilton Hotel.

The session will be opened by the 1985 chairman, Mamoudou Toure, finance minister, of Senegal. A.W. Clausen, president of the World Bank, and Jacques de Larosiere, managing director of the IMF, will then present their reports to the governors, and the governors will address the delegates.

Prior to the plenary session, the "Group of 24," the interim committee, and the development committee will hold meetings.

The delegates will discuss the concessional flow of capital to the world's poorest countries, future lending prospects for the World Bank and the implications of those loans on capital requirements, and supplementary funding for the International Development Association (IDA), the bank's concessionary affiliate.

A resolution calling for the establishment of a Multilateral Investment Guarantee Agency (MIGA) will be presented to the governors for their approval during the meetings, a World Bank source said.

The World Bank has proposed the establishment of MIGA, which would guarantee non-commercial risks for firms that invest in developing countries.

Economic Recovery Policies Discussion

SK240329 Seoul YONHAP in English 0312 GMT 24 Sep 85

[Text] Washington, 23 Sep (OANA-YONHAP)--Policies to continue and strengthen the economic recovery will be the major topic for discussion at the forthcoming

40th annual meetings of the boards of governors of the International Monetary Fund (IMF) and the World Bank (IBRD).

The meetings, which will be held October 8-11 in Seoul, are expected to focus their discussion on the world monetary system, as well as the distribution of international liquidity, particularly in view of the needs of developing countries, the IMF said Monday.

The world economic outlook, the continuing external debt problems of developing nations, and prospects for a further allocation of special drawing rights (SDR) by IMF are also expected to receive close consideration.

Chaired by Mamoudou Toure, minister of economy and finance of Senegal, the joint plenary sessions of the governors will be preceded by a number of preliminary meetings, including interim committee and joint ministerial committee, beginning October 2.

World Bank President A.W. Clausen and IMF managing director J. de Larosiere will present the respective annual reports of their organizations and give their annual addresses to the boards of governors.

In their Seoul meetings, the governors are expected to focus on the prospects for the world economy, and particularly on the policies that should be pursued by both the industrial and developing countries to put the economic recovery on a firmer footing. It will include reducing budget deficit by the United States and continuing economic adjustment for developing countries.

Governors are also expected to discuss the impact of public sector deficits, particularly that of the United States, on world interest rates and the effect of these rates on the allocation of global savings, exchange rate movements, and debt-service burden of the developing countries.

The functioning of the world monetary system is to be an important theme at the annual meeting.

#### Security Precautions

SK250024 Seoul THE KOREA HERALD in English 25 Sep 85 p 1

[Text] President Chon Tu-hwan yesterday instructed authorities concerned to fully cooperate with each other for a successful hosting of the 40th joint IBRD/IMF meeting in Seoul.

Chon gave the directive when he inspected the Hilton Hotel at 6 a.m., where the joint session of the world organizations will be held October 8-11.

"The conference, the largest-ever international meeting to be held in Seoul, will be an important event for world economic leaders to sit together," he said.

Chon ordered police to render their utmost in securing the safety of participants around the Hilton and other hotels at which they will stay.

The president also directed accompanying officials to examine thoroughly various safety facilities of the hotel in close consultation with the hotel.

During his inspection, Chon was accompanied by Minister of Home Affairs Chong Sok-mo, Minister of Finance Kim Man-chae, Minister of National Defense Yun [word indistinct], Seoul City Mayor Yom Po-hyon and Pak Pae-kun, director-general of the National Police Headquarters.

CSO: 4100/002

S.KOREA/ECONOMY

REPORTAGE ON NATIONAL BUDGET FOR 1986

Daily Views Draft

SK290220 Seoul THE KOREA HERALD in English 29 Sep 85 p 4

[Editorial: "1986 National Budget"]

[Text] The administration has just drafted the fiscal 1986 budget bill for approval by the National Assembly. Scaled at 13,815.3 billion won, the bill is a 10.2 percent hike over this year's budget. Not counting the current year's supplementary budget, the figure represents a 12.5 percent increase.

The budget bill is certainly an expansionary one as compared to those for the 1982-84 period, though this year's budget itself was up 9.7 percent from the previous year's.

The fiscal program for next year emphasizes invigorating the economy and creating job opportunities through socioeconomic development projects, according to Deputy Prime Minister Sin Pyong-hyon. As the prospects for global and domestic economies remain dull, in the top economic administrator's word, a budgetary initiative is necessary to make the economy grow.

The nation has enjoyed an unprecedented economic stability in the past few years and this is what it needs to sustain. Herein lies the task of the government to ensure optimum economic growth without hindering the basis for stability. This surely is a hard job to accomplish. Yet, our reality requires us to do so. The 1986 budget bill, in our evaluation, well reflects such requisites.

Sin said that the government outlays, combined with this year's supplementary budget, will be responsible for about one percentage point of the projected 7 percent economic growth next year. And we are inclined to trust his estimate that the nation will have no trouble maintaining stability although the 1986 budget bill is of a "pump-priming" nature.

It is noted, however, that the remarkable increase in the fiscal 1986 scale is mostly made up of such inelastic expenditures as those for national

defense, educational subsidies and supports for provincial governments. Other allocations go chiefly to socioeconomic programs such as housing, supports to small- and medium-size businesses as well as farming and fishing areas, social welfare, and road and dam construction.

This bespeaks the fact that the government, mindful of the low-income brackets, is exerting for balanced economic benefits. This is good, considering our country's reality requiring more national solidarity than elsewhere to cope with challenges facing us. Sheer economic logic, lacking a penetrating insight into the existing realities, would prove less workable in our country.

Despite the budget drafters' optimistic outlook, some are concerned that the 1986 budget bill would lead to destabilizing the economy, an eventuality under which the government would be unable to achieve its policy goals. Utmost efforts are required to head off any of such undesirable consequences in the course of debating the bill in the parliament and executing it thereafter.

#### Government Outlines Draft Budget

SK270612 Seoul YONHAP in English 0520 GMT 27 Sep 85

[Text] Seoul, 27 Sep (OANA-YONHAP)--The South Korean Government has come out with a 13.8 trillion-won (15.5 billion-U.S. dollar; one dollar is worth about 890 won) draft budget for fiscal year 1986.

The draft budget is 12.5 percent larger than the ordinary budget for this year and 10.2 percent larger than the 1985 overall budget, which includes the supplementary budget.

Although the proposed budget would boost the per capita tax burden next year to 359,000 won, an increase of 33,000 won, the tax burden rate will not be raised from the 1985 level of 19.3 percent, because the growth of the gross national product (GNP) will bring in more tax revenue.

The government plans to finalize the budget bill at a cabinet session this week and to submit it to the National Assembly by October 2 for approval.

In announcing the budget bill, Deputy Prime Minister Economic Planning Minister Sin Pyong-hyon told reporters Friday that the budget was formulated on the assumption that Korea's GNP will grow by 7 percent in real terms next year, compared with an estimated growth of 5.5 percent this year, and that the GNP deflator will rise by 3 percent, compared with a 2.5 percent gain in 1985.

The draft budget should enhance the government's ability to deal with economic changes and to improve the employment situation in a flexible manner, Sin said.

The 1986 budget bill sets defense spending at 4.3 trillion won, up 12.6 percent from this year. Defense spending will account for 5.53 percent of Korea's GNP next year and will represent 31.2 percent of the overall budget, compared with 30.5 percent this year.

Apart from defense outlays, inelastic expenditures under the proposed bill would total 9.2 trillion won, up 1.1 trillion won from 1985. Those expenditures would include 1.3 trillion won for financial grants to provincial governments and 2.3 trillion won for the expansion of educational facilities.

The government will either cut or reduce its financial support to make up for chronic deficits in the fertilizer and foodgrain accounts next year. Instead, it plans to spend more than 500 billion won on public works.

The government plans to divert more than 390 billion won from the pension fund for government officials and other public funds next year into public investment funds. Through the funds, the government plans to raise public financial sources without issuing national bonds and without increasing the tax burden on the general public.

As a result, deficits in the general financial account would reach 831.4 billion won in 1986, representing a significant increase from this year.

On the revenue side, the proposed budget would raise internal taxes by 10.4 percent, customs duties by 12.8 percent, defense taxes by 13.5 percent and state taxes by 11.8 percent.

CSO: 4100/002

S. KOREA/ECONOMY

FUNARO CRITICIZES INCLUSION OF SERVICES IN GATT

PY091345 Rio de Janeiro O GLOBO in Portuguese 8 Oct 85 p 18

[Text] Seoul--The Brazilian Government is opposed to the vigorous attack on the public deficit and to the submission of exported services to GATT rules, as proposed by the United States as conditions to increase financial aid to debtor countries.

At a crowded press conference granted to foreign reporters following a more-than-2-hour meeting with Paul Volcker, chairman of the Federal Reserve (U.S. Central Bank), Finance Minister Dilson Funaro explained his position on the idea of linking the increase in capital of the world bank (IBRD) to the inclusion of services (which is included in the discussions on the computer reserve market) in GATT. He stated:

There is no reason to mix up the two subjects. This is a forum to discuss only increasing the capital of the world bank.

He reaffirmed the Brazilian position regarding the domestic adjustment of the economy. He stated:

We have to grow at least 5 percent yearly. A country like Brazil cannot continue with unemployment and the recessive process we have endured over the past 4 years, which has not solved our problems.

Funaro added that domestic adjustment difficulties are tied to the foreign adjustment problem. He explained that the high financing cost of foreign debt interests is the main cause of the public deficit and of Brazil's inflationary pressures.

According to Funaro, in his talks with Volcker they discussed the need to fight the U.S. public deficit to allay pressures on international interest rates.

He told Volcker that a 1-percent increase in foreign interests could ruin 1 year of economic adjustment in Brazil.

Funaro welcomed a possible increase in bank credits to cover possible increases in international interest rates.

CSO: 3342/5

S.KOREA/SCIENCE AND TECHNOLOGY

BRIEFS

INTERNATIONAL ATOMIC ENERGY AGENCY--Korea has been elected as a board member country of the International Atomic Energy Agency (IAEA) in its 29th general conference which was held for five days until September 27 in Vienna, Austria. Vice Science-Technology Minister Kwon Won-ki who led the Korean delegation to the meeting sent a telegram yesterday that Korea was almost unanimously supported by 91 member countries, including the United States and Soviet Union. Three nuclear plants are in operation and two 900 M-watt plants are expected to go in operation within this year in Korea. International bidding for Korea Nuclear Unit No 11 and 12 will take place this year. Vice Minister Kwon was learned to say, in his keynote speech during the conference, that Korea will finish construction of a nuclear fuel processing plant with an annual capacity of 200 ton by 1988 and of a nuclear waste disposal facility by 1989. [Text] [Seoul THE KOREA TIMES in English 28 Sep 85 p 8 SK]

CSO: 4100/002

S.KOREA/POPULATION, CULTURE AND SOCIETY

BRIEFS

MEMORIAL CEREMONY FOR PAK CHONG-HUI--A society made up of former members of the defunct Democratic Republican Party and its fraternal body Yujong-hoe plans to hold a memorial ceremony for the late president Pak Chong-hui in a big scale this year. The late president, who headed the DRP, was assassinated by Kim Chae-kyu, then director of the Central Intelligence Agency, on October 26, 1979. The society had planned last year to hold a big memorial ceremony for the late president on the occasion of the fifth anniversary of his death. But, the plan was cancelled due to "various circumstances." The organization recently chose Chong Il-kwon, who had served as prime minister and National Assembly speaker during the region of the late Pak, as chairman of a committee for the memorial ceremony. About 1,500 former lawmakers, high-ranking government officials and military officers during the days of President Pak were invited to join the committee. Kim Yong-ho, former lawmaker of the Yujong-hoe, said yesterday that Kim Chong-pil (former president of the defunct DRP) plans to attend the ceremony. Kim is now staying in the United States. Meanwhile, "The Pulsation of New History," a book written by Kim Chong-pil after the October 26 incident, has come into market recently four years after its publication, according to the society members. [Text] [Seoul THE KOREA TIMES in English 28 Sep 85 p 4 SK]

NO IMMEDIATE RETURN OF KIM CHONG-PIL--Kim Chong-pil, a former prime minister under the late President Pak Chong-hui, is not likely to return from the United States in the immediate future, it was learned. Rumors had lingered that Kim might return home on the occasion of the sixth anniversary of the death of Pak, who was assassinated October 26, 1979. But a source who just returned from the United States said that Kim cancelled his plan to return to Seoul this month because of family affairs. [From the column "Out and About"] [Text] [Seoul THE KOREA HERALD in English 29 Sep 85 p 4 SK]

CSO: 4100/002

S.KOREA/KOREANS IN JAPAN

BRIEFS

PRO-NORTH VISITORS FROM JAPAN--One thousand and one hundred and eight pro-Pyongyang residents in Japan will arrive here tomorrow and Tuesday to pay tribute to their ancestors around Chusok (full-moon day festival) that falls on September 20. While here, they will visit the National Cemetery, the Garden of Home, industrial facilities and tourist attractions in Kyongju and other areas as well as touring their hometown. Some 40,000 pro-Pyongyang Korean residents in Japan had paid visits here since 1975 under a government-sponsored fatherland-visit program. [Text] [Seoul THE KOREA TIMES in English 22 Sep 85 p 1 SK]

CSO: 4100/002

S.KOREA/FOREIGN RELATIONS

FOREIGN MINISTER TO MEET SHULTZ 2 OCT

SK250215 Seoul YONHAP in English 0201 GMT 25 Sep 85

[Text] Seoul, 25 Sep (OANA-YONHAP)--Yi Won-kyong, South Korean foreign minister, is scheduled to meet with George Shultz, U.S. secretary of state, in New York on October 2, a Korean Foreign Ministry official said Wednesday.

The foreign minister plans to visit the United States later this month to attend the 40th session of the UN General Assembly.

Yi and Shultz are expected to discuss the ongoing inter-Korean dialogue, the Soviet Union's stepped-up military support for North Korea and ways to strengthen economic cooperation between South Korea and the United States, the official said.

While in New York, Yi plans to meet with Javier Perez de Cuellar, UN secretary general, and Jaime de Pinies, chairman of the UN General Assembly. They are expected to discuss recent political developments on the Korean peninsula and South Korea's entry into the world body, the official said.

Yi will have talks with Japanese Foreign Minister Shintaro Abe, Thai Foreign Minister Sithi Sawetsila, Burmese Foreign Minister Chit Hlaing and other foreign ministers from non-aligned nations.

During the UN General Assembly session, Yi is also scheduled to attend the foreign ministers' conference of the "Group of 77" non-aligned countries in New York and to address the non-aligned foreign ministers' meeting. He is expected to call for the promotion of economic cooperation between South Korea and member-countries of "Group of 77."

It is not known whether or not Yi will meet with his North Korean counterpart, Kim Yong-nam, during his visit to New York.

Yi is scheduled to leave here for the United States on Thursday afternoon and to return home on October 7.

After Yi returns, No Sin-yong, South Korean prime minister, is scheduled to address the 40th anniversary session of the UN General Assembly, scheduled for October 21-24. His speech will be the first by a representative of the South Korean Government before the United Nations.

South Korea, which has UN observer status, is one of 11 non-member countries that have been invited to send representatives to speak at the General Assembly next month on the opening of its 40th session.

CSO: 4100/002

S.KOREA/FOREIGN RELATIONS

USSR, PRC, POLAND COMPETE IN ARCHERY CHAMPIONSHIPS

SK290206 Seoul THE KOREA HERALD in English 29 Sep 85 p 7

[By staff reporter Chang Il-yong]

[Text] The 33d World Target Archery Championships, to be held October 1-6 at the Hwarang Archery Field in Seoul, are attracting some 140 archers from 30 countries, including the Soviet Union, organizers said yesterday.

Among the other communist countries to compete in the six-day competition are China and Poland. The 15-member Soviet team arrived in Seoul yesterday, along with a four-member Polish squad. A 12-member Chinese delegation arrived here Friday night.

This is the second sports competition hosted by Korea in which the Soviet Union has participated since the shooting-down of a Korean airliner on September 1, 1983. A Soviet judo team competed in the 14th World Judo Championships which end at Seoul's Chamsil Gymnasium today.

The presence of the Soviet team makes the Seoul championships truly world championships.

The Soviet Union stayed out of the 32d world championships held in Long Beach, Calif., in 1983 and the 1984 Los Angeles Olympics because of "existing circumstances," after the United States boycotted the 1980 Moscow Olympics.

Among the Soviet archers are Boris Tisachenko, silver medalist at the 1980 Moscow Olympic men's archery event, Liudmilla Arzhannikova, world best record holder in the women's singles FITA round, and Zebiniso Rustamova, who won the women's doubles round of the 18th World Championships held in Interlaken, Switzerland.

Local archery experts expect that host Korea and the Soviet Union will fiercely vie for the women's individual and team titles in the Seoul meet. It is the first time that the two leading world women's archery powers will compete in a world meet since they met in the 31st World Championships held in Italy in 1981.

Korea hopes that world women's singles title holder Kim Chin-ho or Los Angeles Olympics women's gold medalist So Hyang-sun will win a gold in the women's individual event. The host team also aims to win the women's team title, while expecting the male archers to fare well in two individual events.

In the men's division, the United States fielding four archers, including former world champion Richard McKinney and Los Angeles Olympic gold medalist Darrel Pace, is expected to sweep the men's individual and team titles, local observers foresee.

Among other hopefults in the men's division are Hiroshi Yamamoto, bronze medalist at the Los Angeles Olympics, Takayoshi Matsushita, who finished fourth at Los Angeles Olympics, both of Japan, and Finland's Tomi Poikolainen, who placed fifth at the Los Angeles Olympics.

Korea's Chon In-su, who won five gold medals at the fourth Asian Cup Championships, is also highly favored to win medal in the men's individual event.

CSO: 4100/002

S.KOREA/FOREIGN RELATIONS

BRIEFS

FOREIGN MINISTER TO UN ASSEMBLY--Seoul, 27 Sep (OANA-YONHAP)--South Korean Foreign Minister Yi Won-kyong left here Thursday afternoon for the United States, to attend the 40th session of the UN General Assembly and will meet with George Shultz, U.S. secretary of state. In a news conference held before his departure, Yi said he will meet with Javier Perez de Cuellar, UN secretary general, and Jaime de Pinies, chairman of the 40th General Assembly. He said he will explain Korea's plan for peaceful unification and its policy toward the United Nations during his meetings with the two UN officials. During the foreign ministers' talks, Yi and Schultz are expected to discuss the overall situation on the Korean peninsula, including the ongoing dialogue between South and North Korea, Yi said. During his stay in the United States, the Korean minister also plans to meet with his Japanese counterpart, Shintaro Abe, and to address the "Group of 77" foreign ministers' meeting. Foreign ministers of 127 developing countries are expected to attend the meeting. Yi is scheduled to return to Seoul on October 7. [Text] [Seoul YONHAP in English 0215 GMT 27 Sep 85 SK]

JSP CHAIRMAN TO MEET KIM YONG-SAM--The Japan Socialist Party chairman Massashi Ishibashi Thursday said that he will meet with Kim Yong-sam next week to discuss measures aimed at exchanges between his party and "democratic forces in Korea," it was reported yesterday. Kim, co-chairman of the opposition Council for Promotion of Democracy, will arrive in Tokyo October 2 after a month-long visit to the United States. While in Tokyo, Kim is to attend a ceremony celebrating a publication of the Japanese version of his book titled "The Truth of Me and My Country." Meanwhile, there is speculation that Kim, now visiting Los Angeles, might meet Kim Chong-pil, former prime minister, who is living in San Francisco. [Text] [Seoul THE KOREA HERALD in English 28 Sep 85 p 4 SK]

SOVIET ARCHER ON SEOUL OLYMPICS--The 1988 Seoul Olympics will be a epoch-making event in the development of sports in Korea. Vladimir Papov, leader of the Soviet delegation to the 33d World Target Archery Championships in Seoul said yesterday. Upon arrival at Kimpo International Airport, heading a 16-member Soviet team, Papov told reporters that he was impressed with Korean athletes' activities at the recent Kobe Summer Universiade, adding that Korean sports will make a great stride at the moment of the 1988 Olympics. Saying that it was his first visit, the Soviet leader added that he hoped the Seoul championships will be a great success. The 53-year-old

Soviet sports official revealed that the Soviet athletes have undergone an intensive three-month training session to prepare for the Seoul event. The Soviet team is [word indistinct] high hopes for a medal on Liudmilla Arzhannikova, women's singles world record holder, at the Seoul meet, he added. In the Soviet Union, there are about 10,000 archers active, most of them begin to practice archery from early childhood. They participate in earnest in archery competition from the fourth grade of primary school, he said. Papov, who himself was once a track and field athlete and a coach, was deputy leader of the Soviet delegation to the Kobe Universiade. [Text] [Seoul THE KOREA HERALD in English 29 Sep 85 p 7 SK]

CSO: 4100/002

S.KOREA/FOREIGN TRADE

DAILY URGES IMPROVED COMPETITIVENESS IN WORLD MARKET

SK260034 Seoul THE KOREA TIMES in English 26 Sep 85 p 4

[Editorial: "100-Day Export Drive"]

[Text] The Trade-Industry Ministry and export industrial circles have launched a 100-day export drive with this year-end a little more than three months away.

The nation's economic growth and business cycle are led by exports, which account for some 38 percent of the gross national product (GNP), as compared with 50 percent in Taiwan and only 16 percent in Japan.

Our export performance this year has been sluggish, registering \$13.3 billion during the first half-year, or a drop of 4.1 percent from the corresponding period of last year, while the export achievements for recent months have remained unsatisfactory.

Though exports are expected to perk up slightly for the coming three months or so, the year's export goal of \$33 billion seems unlikely to be attained. It is now estimated that the year's export achievement would amount to \$31 billion at best.

The export slowdown as such as proved to be serious. For instance, the GNP growth rate for the first half of the year showed only 3.2 percent. At the same time, employment unrest is mounting because of the increasing layoffs from large business firms and an increase in the number of employees returning home from workshops overseas, although the unemployment rate officially disclosed is merely 3.5 percent.

Yet, one encouraging sign is the fact that LC arrivals for the past three consecutive months have been on a steady increase amid reports that the U.S. economy has recently shown signs of slight upturn.

Export drives are not novel but are always necessary for our export-oriented economy to survive the ever-intensifying internaitonal competition.

Yet, this year's situation calls for our renewed efforts to increase exports so as to earn more foreign exchange.

The world trade is indeed overshadowed by growing protectionist moves in advanced countries, as more than 300 import-regulating bills are pending at the U.S. Congress, for example.

It must be noted that the U.S. Administration is putting more pressure on trading partners including Korea to open their markets to American goods and services, though U.S. President Ronald Reagan has reiterated his opposition to any protectionist measures for the good of domestic industries.

After all, there are striking trade barriers against developing nations like Korea, discouraging them from regaining a sustained economic growth rate, led by exports, unlike in the past decades.

Consequently, stepped-up and continued efforts are needed to sharpen our international competitiveness in terms of technical knowhow, quality and pricing so as to survive the fierce "trade war."

CSO: 4100/002

S.KOREA/FOREIGN TRADE

REPORT WARNS OF INCREASED JAPAN-PRC TECHNOLOGICAL TIES

SK300242 Seoul YONHAP in English 0256 GMT 30 Sep 85

[Text] Seoul, 30 Sep (OANA-YONHAP)--The Korea Institute for Economics and Technology (KIET) Monday called for measures to head off competition with mainland China on overseas automobile, electronics and heavy industrial markets.

In a report, the KIET warned that the stepped-up technological cooperation between Japan and China in recent years will help China to become a formidable rival of advanced developing countries on overseas markets.

Japan's direct investments in China grew from 3 million U.S. dollars in 1983 to 110 million dollars in 1984, representing [words indistinct].

In 1984, China and Japan set up 45 joint-venture firms, compared with 12 established between 1979 and 1983.

Japanese investments in China cover a wide range of areas, including the automobile, color TV, pharmaceutical and hotel industries.

A major factor behind the increase in Japanese investments in China is China's trade policy, which links commodity purchases to technological assistance, according to the KIET report.

Japan's commodity exports to China have increased every year since China adopted its modernization policy in 1978. Its exports to China rose by 40 percent from 1982 to 1983.

In the first half of this year, Japan's commodity shipments to China totaled nearly 5 billion dollars, up 107.8 percent from the corresponding period last year.

Automobiles, color TV sets, refrigerators, washing machines and other durable consumer products lead Japan's exports to China.

China's technological improvement will enable it to challenge the advanced developing countries, which in the past have held a comparative advantage in the automobile and electronic industries, the report said.

S.KOREA/FOREIGN TRADE

COUNTRY BEGINS JOINT PRODUCTION OF CRUDE OIL WITH INDONESIA

SK271002 Seoul YONHAP in English 0943 GMT 27 Sep 85

[Text] Seoul, 27 Sep (OANA-YONHAP)--South Korea, which until now imported virtually 100 percent of its oil, has at last become an oil-producing country.

On September 23, KODECO Energy Co of Korea began producing oil in a 50-50 joint venture with an Indonesian company in the Madura offshore oil field, the Korean Trade and Industry Ministry announced Friday.

A 3,650-square kilometer area off the coast of Madura Island is believed to contain more than 22 million barrels of oil, as well as a proven gas reserve of 400.6 billion cubic feet (69 million barrels).

More than 200 Korean and Indonesian Government officials attended a ceremony at the Indonesian presidential palace celebrating the full-scale production of crude oil on September 23.

Present at the celebration were Indonesian President Suharto and his wife; Choe Sang-sop, Korean ambassador to Indonesia; Choe Cin-sok, director of the Korean Trade and Industry Ministry's resources policy office; and Choe Ki-wol, president of KODECO Energy Co.

KODECO, a Korean oil prospecting firm, and Pertamina, a state-owned Indonesian oil company, jointly developed the Madura field.

The striking of oil and gas deposits in the Madura field came 13 years after the Korean Government began studying the possibility of developing overseas energy resources in 1972 and four years and four months after KODECO and Pertamina signed an agreement in February 1981 to jointly develop the offshore field.

Until the end of April 1985, KODECO had invested more than 38.4 million U.S. dollars in oil exploration projects in the Madura Sea. The Export-Import Bank of Korea loaned KODECO 30.7 million dollars for the project, and KODECO paid 7.7 million dollars for the investments with its own capital.

The Madura offshore oil field is expected to yield 15,000 barrels of crude oil per day, and production will continue for at least eight years.

Under a bilateral agreement, KODECO is entitled to 18 percent (2,700 barrels) of the daily production, a ministry official said.

South Korea consumes 500,000 to 540,000 barrels of oil per day. The 15,000 barrels of crude oil that Korea will produce per day in the Madura field will account for only 3 percent of Korea's daily oil consumption.

The 415,000 barrels of crude oil produced during the test period (between April and August 1985) was imported to Korea on August 27. An additional 600,000 barrels of crude oil is expected to be brought into Korea by the end of this year, the official said.

KODECO plans to invest more than 226 million dollars in developing the 400.6 billion-cubic-foot Madura gas reserve by 1988. It plans to produce 100 to 150 million cubic feet of gas per day, beginning in 1988, for 12 years.

Almost all of the liquified petroleum gas produced there will be brought into Korea, the official said.

CSO: 4100/002

S. KOREA/FOREIGN TRADE

#### AUTOMAKER'S COMPETITION FOR WORLD MARKET TO INTENSIFY

Seoul CHONGKYONG MUNWHA in Korean No 8, Aug 85 pp 190-192, 193-198, and 200-203]

[Article by Yi Pyong-mun: "Massive Preparations of Hyundai, Daewoo, and Kia"]

[Text] With the opening of the era of internationalization for the auto industry, the domestic automakers have started to gear up for competition. Giant foreign automakers have been coming to Korea one after another. The Daewoo Motor Company has already started to manufacture the world car in collaboration with General Motors, and this was followed by Kia Industries which had to suspend the production of passenger cars under the measure of 28 February 1981, which imposed a restriction on the type of automobiles, which is pushing the passenger car production strategy to be put into operation from 1987 in conjunction with the Ford Motor Company of the United States.

The Samsung Company, which had had its dreams of going into automobile manufacturing temporarily shattered, has also entered into an agreement with the Chrysler Corporation of the United States to establish a joint venture company for the production of auto parts, and on the basis of this, it is preparing for the production of fully manufactured cars. It is learned that the American Motor Company, the fourth largest automaker in the United States, is also seeking to come to Korea and is sounding out capital and technical cooperations with the Tong-a Motor Company, which has taken over the Kohwa Company, which specialized in jeep production and which maintained technical ties with American Motors. Besides, the major automakers of Europe, such as the Volvo Motor Company of Sweden and the Saab-Scania, are also seeking to make Korea their forward base in preparation for their invasion of the China market.

On the other hand, the Hyundai Motor Company, the leader of the Korean automobile industry, unlike Daewoo or Kia, is independently stepping up its preparation for their invasion of the China market.

In preparing for a showdown, every domestic automaker who is trying to make inroads into the world market by riding on the wave of internationalization, which has just started to develop, is focusing on the competition for the production of passenger automobiles. The approaching automobile production war will intensify as the national income rises, and its special characteristic is that it aims at both the domestic supply and the huge overseas export market. Accordingly, the competition among automakers is concentrated on the development of the fuel-efficient car and the exportable type of car.

The reason why attention is focused on the forthcoming automobile production war is that since these automakers have an eye on the world market, not only will the domestic auto makers such as Hyundai, Daewoo, and Kia, but also such automakers as the Big Three in the United States - General Motors, Ford, and Chrysler Motors - and the major world automakers such as Mazda and Mitsubishi will be directly or indirectly drawn into the competition, which will be international in nature. Under such circumstances, especially, our attention is focused on the competition because there are mixed expectations and uncertainties about the future of the Korean automobile industry, which is still feeble.

As the rankings go in the overall American industries, these three major automakers of the United States, General Motors, Ford Motors, and Chrysler Motors, are giant companies, and they occupy the second, seventh, and fourteenth ranks respectively. While Daewoo Motors and Kia Industries are stepping up their efforts to make inroads into the American automarket in cooperation with GM and Ford, Hyundai Motors is establishing its foothold independently, and is fighting its way alone.

Hyundai Motors, which has enjoyed the position of front-runner in the domestic auto industry since it developed and marketed the Pony, a unique domestic model, exported for the first time five Pony model cars to Ecuador in South America in 1976, and was successful in opening the export market in Europe in 1978. In December 1983, for the first time, it broke into the North American market by exporting Pony and Stella automobiles to Canada.

Through a joint venture (15 percent) and technical cooperation with the Mitsubishi Company of Japan, Hyundai Motors constructed an automobile manufacturing plant with an annual production capacity of 300,000 small passenger cars and completed it last February. Thus, it became the first company to build a large-scale facility. At the same time, it became the first in the country to turn out in large numbers the front-wheel drive Pony Excel. It has started its final countdown towards the goal of breaking into the American automarket early next year.

Hyundai Motors has designated the newly developed Pony Excel to be the automobile to invade the American market, and has already shipped twenty of this model to the United States to undergo various required safety and emission inspections required by the Federal Safety standards regulations of the United States, and are being tested for local adaptability. Since the tests are proceeding smoothly, Hyundai Motors plans to ship the cars towards the end of this year as soon as the testing is completed, organize the sales network, and start marketing on a full scale from early next year.

Under such a plan, on the 26th of April, Hyundai Motors set up a local corporation called Hyundai Motors America with a capital of \$6 million in Garden Grove City, a suburb of Los Angeles, to organize a sales network. This company, which is to manage sales throughout the United States as an export outlet to the United States, has made its first round selection of 50 dealers on the 30th of May. Reportedly, more than three thousand dealers rushed to obtain sales franchises.

Hyundai Motors has restricted the fifty dealers which were picked in the first round to handle only the Pony Excel, and has banned the sale of cars from other manufacturers. Such a move reflects a strong confidence in its sales position for a newcomer to the United States market.

Hyundai Motors plans to increase the number of local dealers to 100, and it does not anticipate much difficulty in establishing an independent sales network. For its initial goal Hyundai has picked 30 areas in the eastern and western regions. Once these dealers' bases are successfully established, it intends to cover the entire United States.

In the United States, one fifth of the Gross National Product is related to the automobile industry, and it is the world's largest automobile market--10 million domestic cars are sold annually and nearly 3 million imports are sold. Therefore, as long as the making of inroads into the United States' market is not realized, the volume of automobile exports can hardly be expected to expand. Accordingly, the automobile manufacturing countries concentrate especially on invading the United States' market, and the competition is so much more intense.

#### Selling Sought Eagerly

What are the prospects for Hyundai to succeed in the market? Hyundai officials are optimistic that the Pony Excel will be very popular among the American consumers since this model is a compact car with a spacious interior, very economical, and has front-wheel drive. The price is about \$6,000, which is lower than the prices of comparable Japanese or American models. Therefore, it is very advantageous in terms of price.

Hyundai officials are saying on the one hand that since the Japanese cars, which have dominated the small car market in the United States, have been upgraded to luxury status and that the price has jumped accordingly, the invasion of the American market by the Pony Excel will be so much easier. On the other hand, they are quite frank about how difficult it will be to encroach upon the principal market for Japanese cars.

A certain person identified as "B", who has practically grown up in the automobile export battlefield, views that the chances of success for Hyundai's inroad into the American market are 50-50. He said, "The Japanese automobile makers have already been successful in operating under the exclusive sales strategy which is going to be the strategy of Hyundai, but at present, the situation is quite different from that period because of the domination of the market by the Japanese cars. In view of this situation, the strategy of Daewoo Motors and Kia Industries seems relatively more workable than that of Hyundai.

On several occasions, Hyundai was approached by the Ford Motor Company, with which it once maintained a technical cooperation relationship, to enter into a sales partnership. Ford had proposed to import a large number of Pony Excels and to market them for Hyundai, but Hyundai has turned down the proposal and decided to build its own independent sales network.

On the basis of its confidence of developing an American market, Hyundai Motors has made such a decision. It has predicted success. It was reported that its success in Canada, which had similar market conditions to those of the United States, led Hyundai Motors to firm up its decision to develop an exclusive sales strategy in the United States. The Hyundai Company's true success in Canada deserves to have a big mark in the history of Korean automobile manufacturing. Not only was it an opportunity for the Korean automobile industry to display its potential ability to the world, but it also shocked many countries which had previously not taken the technical level of the Korean automobile industry seriously, particularly the Japanese automakers who felt heat from the Korean auto exports.

Hyundai Motors, which exported a total of 168,000 automobiles as of the end of last year, since its first export of domestically produced cars in 1976, has already shipped 15,300 cars to Canada alone for the first 4 months of this year. Such a sales record means a 333 percent sales increase over that of last year. Following the local Honda Canada Corporation, Hyundai is the second largest foreign auto importer in Canada.

A good number of people attribute the independent development of foreign markets by Hyundai Motors to the personal character of Chung Chu-yong, Chairman of the Hyundai Group. They view that the management style of Chairman Chung Chu-yong, who has a strong ambition to lead everything alone, who has confidence and enjoys adventure and the sense of accomplishment, is directly reflected in that decision.

When the Ford Motor Co. was eagerly seeking the sales cooperation, Chairman Chung was reportedly to have said this: "It is expected that the hurdle is going to be big in breaking into the American market alone, but there is also an advantageous aspect--we can increase the profit by reducing the intermediate cost margin and by enhancing competitiveness through low price. Once they (Ford Motor Co.) had not allowed us to sell a single Cortina and Granada model which was produced under a technical cooperation agreement, and now when our business prospects have brightened up, they are so eager to sell the cars that we have produced ourselves. Whether we make it or break it, it will be our own success or our own failure."

When they had a technical cooperation relationship, Hyundai wanted to export the Cortina and Granada models to foreign countries, but bound by the unequal contract terms, it was unable to do it. A close associate of Chairman Chung believed that "Chairman Chung might have had a very strong feeling about the cruel reality of international society at that time."

#### Daewoo and Kia

Although they are one step beyond Hyundai Motors, Daewoo Motors and Kia Industries have drawn up their plans to make inroads into the American market. Daewoo, which has entered into a joint investment agreement and an agreement on technology importation with General Motors on a 50-50 basis, is stepping up its efforts to develop an export strategy for the passenger cars temporarily known as "T cars."

Daewoo Motors plans to expand its automobile production capacity from the present annual production capacity of 81,000 cars to 248,000 cars, and it has already signed an agreement with General Motors. Annually 100,000 world cars (T cars) which are small-sized passenger cars, are to be shipped to the United States and other countries from the second half of 1986. The T-cars that will be produced by Daewoo Motors are the latest model similar to the "cadet" model developed by West Germany's Opel Company, a subsidiary of General Motors, and this is a front-wheel drive model with 1500 cc class engine.

Daewoo Motors is presently building a T-car production plant in the existing Pupyong plant site, and plans to turn out sample cars when construction is completed next spring, and to start mass production starting from the latter half of next year. Unlike Hyundai, which has proceeded alone, Daewoo Motors is expected to break into the American market with ease by utilizing the sales network of General Motors, with which it maintains a joint venture relationship. Moreover, the domestic small passenger car market, which is currently dominated by Hyundai's Pony Excel, is expected to be invaded considerably by Daewoo's cars.

Daewoo's T-car production plan was specifically discussed when Chairman Kim U-chung visited the United States in January 1983. General Motors also has started to evaluate the world car development strategy since its old management strategy is not good enough for the increasingly intense automobile sales competition. Since then, they have exchanged visits several times and agreed in June 1984 that each side would invest an additional \$100 million to develop the small strategic car. This was followed by an agreement on the development and importation of parts between Daewoo Motors, General Motors, and West Germany's Opel Company, a subsidiary of General Motors. In October of the same year, Roger Smith, Chairman of General Motors, visited Korea, met political leaders, and held a press conference. Thus, it reinforced the spirit of cooperation with Daewoo Motors.

General Motors plans to market the T-cars, which will be produced by Daewoo Motors, under the Pontiac brand name in the United States. In the case of other regions, working-level negotiations are under way and it is expected to use the name of "GM Daewoo."

Kia Industries which is also able to resume the passenger car production in 1987 is linked with the Ford Motor Company, and plans to make inroads into North American markets in the United States and Canada. The car known as the Y-car that is under development by Kia Industries with an eye on the North American markets is smaller than the Escort produced by Ford Motors, and it will be a front-wheel drive car of the 1000 cc-1300 cc class.

Kia Industries is building a 20 million won Y-car production plant, and plans to turn out 100,000 cars a year, 85,000 of which will be shipped to North America. It has been agreed that Ford Motors will be in charge of sales in North America.

Kia Industries stresses that the Y-car is not a car produced hastily under the American or Japanese technology. On the basis of the experience and technology with which the Brescia, Fiat, and Puegeot were produced, it has confidently developed the plan through a long period of research and technology. Since it is difficult to be recognized right away in the world market no matter how good a car is produced, Kia has left it to Japan's Mazda, with whom it has capital and technical cooperation relations, to guarantee a part of technology and the quality, and left to the Ford Motor Co. the marketing of the product.

#### Samsung and Kohwa

During the negotiations with Kia Industries, it was learned that Ford Motors persistently demanded its participation even in the fields of capital and technology.

Its wish to participate in the field of capital has not been realized, however, it is the auto industries' view that the joint ventures between Kia Industries and Ford Motors is a fait accomplis. Kia has ties with Mazda, and Mazda has ties with Ford Motors. Since Ford Motors is going to be exclusively in charge of sales in North America, a joint venture between Kia and Ford is expected to be realized sooner or later. A good number of people speculate that the joint venture will start upon the completion of the building of the second 200,000-car-a-year capacity plant by Kia for the production of the Y-car.

But Kia Industries is of the opinion that even with the joint operation with Ford Motors, it will not be able to go beyond 10 percent of Mazda with which it has capital and technological cooperation relationship. Therefore, there is a strong possibility that complications will develop on the question of the capital participation ratio. At present, the capital participation of Ford Motors, which has a cooperative relationship with Mazda, is 25 percent.

With the production of the Y-car, Kia Industries plans to set up a joint venture corporation for the production of auto parts in conjunction with TRW, an American industry specializing in the production of auto parts. The construction of this plant began in July at the site of the Panwol Industrial Complex in Kyung-gi Province, and it is expected to be completed next June. The capital is 10 billion won, of which Kia Industries' share is 49 percent and that of TRW is 51 percent. Kia is to be in charge of the management.

Although its ambition to manufacture automobiles was for the time shattered, the Samsung Company, which has steadily maintained the top position in the domestic industry since the 1950's, has started to build an auto parts production plant in collaboration with the Chrysler Company. In view of this move, it is certain to jump into the automobile market sooner or later. During his visit to Korea last April, while meeting with Minister of Commerce and Industry Kum Chin-ho, Iacocca, Chairman of the Chrysler Corporation, also expressed his interest in building a base not just for auto parts production but for automobile production as well in the next 5 years.

Samsung's plan to build an auto parts production plant in collaboration with Chrysler has recently been slowed, but it said that the parts produced by the domestic manufacturers would be supplied at the initial stage.

Besides, Tong-a Motors has decided to enter into a technical cooperation relationship with Toyota Motors, the largest Japanese automaker, and is promoting the X-car project to develop a new model by transforming the jeeps currently produced by its affiliate, Kohwa, into passenger cars. Tong-a Motors is planning to unveil its X-car either at the end of 1986 or in early 1987. The X-car is a van, the present jeep transformed completely into a type of passenger car, and it has 4-wheel drive, coming in both gasoline and diesel engines.

Quietly, Tong-a Motor poses as a threat to the existing passenger car makers for the reason that the X-car will be very competitive and will encroach upon the domestic auto market. At the same time, it was reported that Tong-a Motors has been approached by several foreign automakers, including the American Motors of the United States, to enter into a cooperative relationship in capital and technology.

#### Is Partnership Real?

Lately the world's automobile industry has shown a trend that the automakers of the United States, Western Europe, and Japan are maintaining cooperative relationships such as joint investments, technical agreements, or the supplying of parts. By taking this road, they can avoid the trade restrictions of various governments, relax political tension, and expect improved employment conditions resulting from the setting up of joint venture plants.

In the case of our country, technologically, Hyundai Motors is collaborating with Mitsubishi Motors, and Daewoo and Kia with Nissan Motors in the field of large bus production, Kohwa, a subsidiary of Tong-a, with American Morors. Asia Motors with Hino, and Samsung Motors with the Chrysler Corporation in jointly setting up an auto parts production plant. Further, Kia Industries is studying a joint investment with Ford Motors, with whom it has already signed a sales agreement. Tong-a and Toyota Motors have agreed in principle to co-operate in the technology field.

From the standpoint of our automakers, collaborating with foreign automakers has such beneficial aspects as quality improvement by acquiring advanced technology, an export outlet search, and a supplement to the shortage of capital. Some even see important national security implications in the collaboration with foreign businesses. When General Motors first came to Korea in the 1970's, there was talk that it had the same effect as one U.S. army division being stationed in the land. The reasoning was that judging from the business reputation of General Motors, in the event of the development of a national security crisis in Korea, the company would play an important role in the defense of Korea to salvage its investment.

How should we view the stream of international automobile manufacturers coming to our country lately? An old hand in the auto industry views it "as a

natural phenomenon consistent with the international trend." He went on to say that "marketing fully finished automobiles is a thing of the past," and "the reality of the international market is give-and-take as every country has become clever to the fullest extent."

About Hyundai Motor's success in Canada being beyond anyone's expectations, he said it was largely due to the thoroughgoing working of the "give and take principle." In return for sales activities in Canada, Hyundai Motors has imported a considerable volume of auto parts produced in Canada to be used in auto assemblies. Reportedly, last year, Hyundai purchased more than \$10 million worth of auto parts, which is more than the total volume purchased by the five Japanese auto makers.

It is true that the Korean automobile industry was able to achieve great growth through collaboration with foreign automakers or through technical cooperation. The Korean automakers started with assembling cars by relying on imported parts from the automakers of the United States and Japan, then they began to develop new model cars through joint ventures and technical cooperations. Next, they started to turn out large-quantity production, and they have now reached the stage of exporting automobiles.

During this process, our industry periodically experienced hard times under the fast-moving foreign automakers. One example was when the Toyota Motor Company, which signed a technical cooperation agreement with the Shinchin Motor Company in 1966, quickly pulled out of Korea in 1972 in accordance with the principle provided in the trade agreement with the People's Republic of China, in which Premier Zhou Enlai stated that his country "will not trade with Japanese firms which are cooperating economically with South Korea and Free China."

Also, the domestic automakers often experienced in their formative stages that they were compelled to accept unreasonable terms since they needed to import technology and/or they needed joint investments. In view of our economic conditions it is a well-known reality that we had to actively induce foreign business investments and technology into our country; however, in the process of promoting joint investments and technology imports, unequitable terms of contract are continuing. Occasionally there have been cases where some unilaterally pulled out as the circumstances changed. What should be our response when they quit heartlessly? Joint business ventures mean cooperative partnership by necessity, and they cannot be expected to remain permanent partners. "The stream of foreign automakers' inroads into our country in recent months is not any different from what we have seen," said K, who is in the auto industry. He added that it is necessary for us to continue to guarantee beneficial investment conditions with the foreign enterprises while we develop our policy to make their business inroads into our country beneficial also to our economy.

#### Excess Investment

As the internationalization trend of the auto industry sets in with our domestic car makers, every existing automaker is stepping up the expansion of

its facilities with the ambition of becoming the standard bearer in turning the country into a nation of automobile manufacturing.

Hyundai Motors plans to expand its present annual production capacity of 450,000 cars, which includes 400,000 passenger automobiles, to 1 million by 1989. To this end, Hyundai is studying the feasibility of expanding the production capacity of its Ulsan plant to 500,000 cars by increasing production by 50,000 more cars than now, starting from the second half of 1986, and by building a second plant with the production capacity of half a million cars in the Asan Bay area.

Daewoo Motors also plans to undertake the second expansion of its annual auto production capacity to 200,000 cars starting from 1988 to the end of 1980's, upon the completion of the expansion project of its Pupyong plant, which will be able to produce 167,000 cars annually by the end of 1986. If the plan is realized, the total annual production capacity will jump from the present capacity of 81,000 cars to that of 448,000 cars. Kia Industries also, apart from the Y-car project, which will have the capacity of producing 100,000 cars, plans to increase the annual production capacity of 75,000 trucks to 130,000 by the end of 1986. Tong-a Motors is also stepping up the expansion of its Pyongtaik plant to increase the production from the present volume of 14,000 cars to 30,000 cars. Asia Motors also plans to expand its Kwanchu plant's production capacity from the present 24,000 cars to 30,000 in 1986, and to 50,000 by 1989.

When all these gigantic expansion plans are realized, the annual production capacity of the domestic industry will show a three-fold increase to 1.75 million cars by 1990. Even if one half of the facilities are operated, 875,000 cars, which is more than three times larger than the total sales of last year, will be produced. But, in view of the market conditions of the advanced industrial nations, whose demand for automobiles has already reached the limit, and the conditions of the small domestic market, many people express their concerns about an oversupply.

We have no more than 1 million automobiles in our country, but in comparison with United States, which has nearly 200 million cars, Japan, which has 50 million, and many European countries, which have 20 million to 30 million automobiles, our figure is meager. Last year, our domestic automakers sold all together 246,400 automobiles, including 52,300 cars which were exported. Entering this year, as of the end of April, the domestic automakers have sold 102,600 cars, a 22.7 percent increase over the same period of last year.

After having gone through the second oil shock of 1979, automobile sales have continued to show an upward trend, owing to exports and domestic demands, but in comparison with the United States and Japan, whose annual sales are above 10 million cars, our figure is really infinitesimal. By citing such a fact, some people argue that our auto industry has room to grow further.

Will the future of the domestic auto industry, which has entered a turning point, riding on the wave of internationalization, be really certain to the

extent that we can have confidence in it? Although it is true that we have great expectations for the domestic auto industry which harbors a great ambition to make our country into an advanced automobile manufacturing country, it is undeniable at the same time that there is an uncertainty about the future since our auto industry is still in a formative stage.

"Our domestic market for automobiles is so small that even one automaker could fill the needs. Even before securing the domestic market fully, our auto industry is entering the stage of exporting automobiles, and in the event that the export outlet is cut, there is the potential danger that our auto industry will collapse overnight because of the feebleness. In the event of the blockade of the export outlet due to a sudden change in the international situation, what will happen to our auto industry? A good part of the facility would lay idle, an unemployment problem would develop, and the economy would be stagnant. Who could guarantee that an emergency measure to deal with the excessive investments would not be taken as was seen 1981?", remarked L, an employee of an automaker, who is concerned about the recent trend of the domestic auto industry. He said that to develop our auto industry, it is desirable first of all to expand the domestic market, on the basis of which the auto industry should develop into an exporting industry. In order to build up international competitiveness, he said, our auto industry should supply automobiles for the masses even more cheaply, expand the demand, and put the foundation for the domestic demand on a firm ground.

Above all, he said, the number of the passenger car-owning population should be increased by lowering the heavy taxes imposed on the passenger cars. "It is absurd to tax the passenger car which has become a necessity of life almost more than the worth of the car, and moreover, if our economic lifeline lies in exports, the government must take into consideration the importance of nurturing the automobile industry.

#### Dream or Nightmare

In fact, only recently, the domestic auto industries have started to go into the black. It was only 4 or 5 years ago that these firms were unable to pay even their employees' wages.

In the case of Hyundai Motors, its deficits were 19.3 billion won and 16.4 billion won in 1980 and 1981 respectively, but it has turned around and started to record profits since 1982. Daewoo Motors also suffered under an enormous deficit of 29.4 billion won, 33.1 billion won, and 22.7 billion won in 1980, 1981, and 1982 respectively, but it has finally started to go into the black. Also the cumulative deficits of Kia Industries in 1980 and 1981 reached 50.4 billion won, but it also has started to record profits, and from 1982 to last year, its profits reached 56.3 billion won, and it was able to wipe out all the cumulative deficits.

As soon as the domestic automakers have begun to feel they could stand on their own feet to turn around and go into the black, the government is planning to take a step to remove the restrictions on the car models from 1987 and to remove the restrictions on the foreign imports.

In preparation for the removal of the restrictions on the car model, Hyundai and Daewoo Motors have seriously started to undertake preparatory works to move in on the production of the medium and small-size trucks which have been monopolized by Kia Industries. By reviving their old experience of producing medium and small-size trucks before the restrictive measures on the car model had gone into effect, these two industries are contemplating to develop new models, and at the same time, the production of the minibus which is comparable to the Bongo car, the popular product of Kia Industries.

Accordingly, the car production war has in a sense returned to the old three-way war seen before the car model restriction measure had gone into effect. But, when the import restrictions on the foreign cars are lifted at the same time, the demand of the domestic market is likely to be affected considerably. Thus, variously the domestic auto industry is facing a new phase.

The auto industry expresses its concern for the government's plan for the lifting of import restrictions on foreign cars and stresses that it is too premature. In view of our people's strong preference for foreign-made goods, our domestic auto industry, which is still in its formative stages, might experience a severe setback, and the industry is concerned.

The auto industry is often called "the blossom of the mechanical industry." Also it is viewed as a yardstick by which to measure national economic growth, because its industry-related impact is enormous. Since it plays the role of locomotive in leading the heavy chemical industry, as auto-making involves more than 20,000 parts such as metal, machines, electronics, rubber, glass, and other materials, the auto industry is the largest industry as far as a single category is concerned. Accordingly, the view of the experts in this field is that the nurturing of the auto industry is indispensable. Since the time has arrived, through the cooperation between the government and the industry, this opportunity should be turned into a take-off stage, stress the experts.

In view of the feebleness in industrial structure of the domestic auto industry, it is a fact that there is an uncertain feeling in the industry resulting from the over-investment and excessive competition. Therefore, depending upon the appropriateness of the measures to deal with the situation and the judgment and efforts of the industry concerned, the dream of making Korea an auto producing nation will either be rosy or quickly turn into an ashen nightmare.

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CSO: 4107/248

S.KOREA/INTERNATIONAL COMMENTARY

DAILY CONSIDERING RESHARPENED 'NORDPOLITIK'

SK280018 Seoul THE KOREA TIMES in English 28 Sep 85 p 4

[Editorial: "Soviet Overtures on Asia"]

[Text] While preparatory works are being briskly undertaken for the November summit talk between U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev, the Kremlin is stepping up its diplomatic overtures toward Asian nations, in parallel with its sustained military buildup in the region.

One clear indication of such a diplomatic initiative is the emphasis being put on its recent proposal to hold what it called an all-Asian security conference, patterned after the European security conference which was born of the Helsinki accords in 1975.

Apparently picking up a similar idea initially aired by the late Leonid Brezhnev, Gorbachev made the proposal for Asian security in his meeting with Indian Prime Minister Rajiv Gandhi last May and has since harped on the theme at every opportune occasion.

More lately, Gorbachev elaborated on the overture by enlisting eight guidelines to characterize the Asian security arrangement, including the end to nuclear tests in the Pacific and Indian Oceans, prevention of new or expanded political-military blocs, withdrawal of U.S. troops from South Korea, and dismantling foreign bases in Asian countries, the Pacific and Indian Oceans.

After those specific points were disclosed in the Soviet leader's meeting with a Japanese Socialist leader last week, Moscow has begun this week drumming up the call on Asian and Pacific nations through its propaganda mill.

In terms of timing the latest Moscow call coincided with the disclosure that Soviet Foreign Minister Eduard Shevardnadze plans to visit Japan and North Korea later this year or early next year, another indication that the six-month-old Gorbachev regime is giving weight to the Asian front or interested in a major foreign policy initiative in the region.

There have already been conspicuous signs that Moscow is attempting to build closer political and military ties with North Korea, by providing the latter with MiG-23 jet fighters and other sophisticated weaponry.

This gesture toward Pyongyang alone--a gesture perplexing, if not provocative, to other neighboring countries for its impact of destabilizing the power balance--underwrites the fallacy or duplicity of the Soviet drive for an Asian security conference, which has thus far met cold response from most countries concerned.

While there is little ground at present to compare the circumstantial feasibility of forming a collective security arrangement between Asia and Europe, the Moscow proposal may well be seen as a ploy focused to undermine what it perceives as a triangular security cooperation among the United States, Japan and China against the Soviet Union--or, at least, to justify its formidable military presence in the region.

Whatever the real and ultimate aim, the Soviets are likely to keep on the call for an Asian security arrangement, as part of their renewed efforts to wage a diplomatic offensive toward the region.

Such a likelihood gives Seoul another impetus to resharpen its "Nordpolitik"--policy toward communist-bloc states--on a comprehensive and far-reaching basis, so as to effectively respond if not lead the changing international circumstances to better meet our national interests, facilitating settlement of inter-Korean issues.

CSO: 4100/002

S.KOREA/INTERNATIONAL COMMENTARY

U.S., USSR CONCERTED EFFORTS FOR PRODUCTIVE SUMMIT URGED

SK290246 Seoul THE KOREA TIMES in English 29 Sep 85 p 4

[Editorial: "Steps for U.S.-Soviet Summit"]

[Text] With about seven weeks left till the crucial summit talk between U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev, caution is stressed for the prospects of its outcome--to the extent that the Washington official quarters were reported as exerting efforts to dampen any "false hopes."

One divisive issue outstanding concerns the wide discrepancy in the two superpowers' positions on or approaches to tackling touchy problems of arms control, notably including the U.S. scheme for missile defense in space and the Soviet edge in nuclear arsenal.

Noteworthy in this regard was President Reagan's meeting with Soviet Foreign Minister Eduard Shevardnadze Friday, a meeting viewed as one important step along the way for the November summit in Geneva.

In particular, the visiting minister reportedly outlined a new Soviet proposal on nuclear arms reduction, which will be formally tabled at the working-level disarmament talks in Geneva this week and which was initially welcomed by Washington as a counterproposal to what U.S. negotiators had proposed earlier in the year.

Since no details of the Soviet overture were made known, it is premature to fathom whether it could serve the cause of facilitating a progress at the arms control talks thus far stalemated--all the more so, as the principal framework of arms reduction and East-West relations is subject to the summit discussion.

Notwithstanding the uncertainty, it is hoped that both Washington and Moscow step up their concerted and earnest efforts to make the summit as productive as possible in tangible terms, since the meeting must be something more than a mere getting-acquainted session. What is deemed essential in this vein is the discontinuation of publicity-oriented rhetoric, to which the Kremlin has resorted in recent months.

CSO: 4100/002

S. KOREA/INTERNATIONAL COMMENTARY

ROK PAPER VIEW LEADERSHIP CHANGES IN NORTH

SK060201 Seoul TONG-A ILBO in Korean 3 Oct 85 p 2

/Editorial: "Changes in Leadership Circles in the Northern Communist Bloc" /

/Text/ A large- or small-scale reshuffle in leadership circles in Communist China, the Soviet Union, and North Korea was made almost at the same time. This attracts public attention.

In Communist China, 131 persons in leading circles in the party were replaced and 6 new stars, including Hu Qili, who is expected to be nominated as CPC general secretary, were elected as members of the political bureau at a special party plenum. In the Soviet Union, as part of his continuing efforts to strengthen his power bases, the young Gorbachev of a new-look style, in a lightning manner, dismissed Prime Minister /as published/ Nikolay Tikhnov, who is 80 years old and Brezhnev-leaning, and appointed Ryzhkov, a typical 55-year-old technocrat, to that post. In North Korea it has been learned that, First Deputy Premier Choe Yong-nim, was replaced by Party Secretary Yon Hyong-muk at a party and government joint meeting /as published/. In addition to this, some high-ranking officials in charge of economy and trade were replaced.

Such reshuffles in the power circles of Communist China, the Soviet Union, and North Korea were made successively from middle September to early October. What is more important is that those who have risen to leading circles or been promoted in leading circles in these communist-bloc countries have similarities in ages and careers.

It has been learned that most of them are in their fifties, 20 years younger than those in leading circles in the past; technocrats who have careers as party officials in charge of economy or bureaucrats; and practical and innovative working-level officials, not the first revolutionary generation who are ideology-centered. The power and personnel reshuffles of these countries show their intention of putting more emphasis on economy, technology, practical innovation, and development, rather than ideology and the achievements of revolutionary elders.

Hu Qili, a hopeful 56-year-old CPC general secretary; Li Peng, a 57-year-old stepson of Zhou Enlai; and Chen Yun, a 56-year-old in financial affairs, authority are all in their fifties, decreasing the average age of those in

power circles in Communist China by 5 years, and are economic bureaucrats and technocrats. New Soviet Prime Minister /as published/ Ryzhkov was a technocrat authoritative in economic affairs. Not to speak of the 1 October ministerial-level shakeup, Vice President Yi Chong-ok, who served as a premier from 1977 to 1984; Premier Kang Song-san; and other executive heads are all authorities in economic affairs and Kang Song-san himself is in his fifties. Major reshuffles in late 1983 and early 1984 and the recent high-level shakeup can be regarded as Kim Chong-il's succeeding system and an expression of an economy-oriented policy.

In a series of personnel reshuffles in power circles in the northern Communist bloc, an ambitious will for innovation, elasticity, and flexibility are shown. These countries are making strenuous efforts to explore new ways of development in their own way, freeing themselves from the bureaucratism, sturdiness, and backwardness of communism. Those of us who have common borders with them, must pay strained attention to any influences which these new changes may exercise on our politics, economy, and diplomacy.

Flexible preparations must be made for coping with Communist China's progressive open system and pragmatism, the winds of changes and tough diplomatic offensive led by Gorbachev of the Soviet Union, and North Korea's economy-orientation and offensive peace propaganda.

CSO: 4107/006

N.KOREA/POLITICS AND GOVERNMENT

NODONG SINMUN ARTICLE LAUDS SOCIALIST SYSTEM

SK221036 Pyongyang KCNA in English 1023 GMT 22 Sep 85

[Text] Pyongyang, 22 Sep (KCNA)--NODONG SINMUN Sunday comes out with an article entitled "Superior Social System Where Personal Dignity and Rights Are Most Respected" which says in part:

Our socialist system based on the great chuche idea respects and ensures the dignity and rights of the people to the maximum. This is a major superiority of our socialist system.

To begin with, it provides broad segments of working people including workers and peasants with all conditions for their free participation in political life.

In our country ordinary working people take an active part in the state administration as masters of the country. All of them have rights to elect and to be elected, irrespective of sex and occupation, property and knowledge, political views and religion. [A total] of 34.6 percent of the deputies to the Supreme People's Assembly of the DPRK are workers and 10.2 percent are cooperative farmers.

Our people lead a free socio-political life, affiliated with various political organisations including the party and working people's organisations, and are fully guaranteed freedom and rights of speech, the press, assembly and demonstration.

The dignity and rights of the people are ensured by law and the development of individual characters is fully guaranteed under our socialist system.

All the social and political rights of our people and their happy material and cultural life are fully ensured by the socialist constitution.

Protection of the dignity and rights of the people is manifested in the development and their characters.

Our country fully develops the aptitude and talents of all the people in the society from the working people to the rising generation. The development of individual characters is ensured amid the concern of the whole society and under the deep care of the state.

That is why working people who were totally denied the opportunity of education in the past have become talented scientists, technicians and artistes and the little school children are preparing themselves to be able personnel of the future.

Our socialist system also supplies the working people with ample conditions for material and cultural life and labour.

In our country, the state responsibly looks after the life of the broad sections of the popular masses including workers and peasants. As a result, the entire people are engaged in worthwhile a creative labour in the working sites suited to their aptitude and ability and lead a happy life without any worry about food, clothing and housing.

CSO: 4100/003

N.KOREA/POLITICS AND GOVERNMENT

MEETING HELD TO CONVEY WPK LETTER TO MIDDLE SCHOOL

SK270621 Pyongyang Domestic Service in Korean 2100 GMT 19 Sep 85

[Excerpts] The WPK Central Committee has sent a congratulatory letter to teachers and students at Yaksu Senior Middle School in Changsong County. The congratulatory letter said: On the occasion of the significant day marking the 30th anniversary of the great leader Comrade Kim Il-song's historic on-the-spot guidance to the school, the WPK Central Committee extends warm congratulations to all teachers and students at Yaksu Senior Middle School for having achieved great successes in their education work by upholding the leadership of the party and the leader.

The letter said: On 19 September 1955 the great leader Comrade Kim Il-song gave an on-the-spot guidance to Yaksu Senior Middle School and there elucidated a programmatic task in developing the education work and in fostering our young generations into reliable successors to our revolution.

A report meeting marking the 30th anniversary of the great leader Comrade Kim Il-song's on-the-spot guidance was held on 19 September at Yaksu Senior Middle School. The report meeting was attended by Kim Pyong-yul, responsible secretary of North Pyongan Provincial Committee of the WPK and chairman of North Pyongan Provincial People's Committee; Kim Hui-chun, chairman of North Pyongan Province Administration and Economic Guidance Committee; and other functionaries together with teachers and students of Yaksu Senior Middle School.

At the meeting, the congratulatory letter of the WPK Central Committee addressed to the teachers and students of Yaksu Senior Middle School was conveyed amid the fervent applause of the participants.

At the meeting, a report was made by the school master. After this, discussions were held.

CSO: 4110/002

N.KOREA/POLITICS AND GOVERNMENT

BRIEFS

CHUNG-NIN ATTENDS WPK MEETING--The WPK Central Committee has expressed thanks to the [DPRK] Academy of Social Sciences, which has contributed to the work of explaining the great chuche idea. A meeting to convey the thanks of the WPK Central Committee was held yesterday [17 September] on the spot. Comrade Kim Chung-nin, candidate member of the WPK Central Committee, and functionaries concerned were present at the meeting, together with functionaries of the Academy of Social Sciences. Comrade Kim Chung-nin conveyed the thanks of the Central Committee at the meeting. [Excerpt] [Pyongyang Domestic Service in Korean 2100 GMT 17 Sep 85 SK]

CSO: 4110/002

N.KOREA/ECONOMY

PRODUCTION RENOVATIONS UNDER WAY ON EVE OF WPK ANNIVERSARY

SK191037 Pyongyang KCNA in English 1013 GMT 19 Sep 85

[Text] Pyongyang, 19 Sep (KCNA)--Renovations are being reported in production and construction in Korea on the threshold of the 40th anniversary of the founding of the Workers' Party of Korea (October 10).

Going at full steam ahead is the second-phase expansion project for increasing the steel production capacity of the Kim Chaek iron complex.

Nonferrous metals of good quality is pouring out of the first-stage production line of the Tanchon smeltery whose construction was completed last year.

The construction of 10 odd objects is being pushed forward energetically at the Musan mining complex, which includes an underground branch mine for lifting the ore production capacity and the long-distance belt conveyers Nos 3, 4, and 5, for more than doubling the scraped earth carriage capacity.

Coal mines are being massively reconstructed on an expansion basis in Anju, Northern and Suchon districts.

The Sunchon District coal mining complex has boosted its transport capacity more than 20 percent by laying above 2,800 metres of belt conveyers at 28 objects in pits and on the ground. Over the last 4 years the complex has built long-distance belt conveyers extending more than 6,300 metres and short-distance ones at over 80 objects.

In the course of the nationwide "June 1985 let-one-machine-tool-beget-another movement" in high gear, upwards of 700 large and special precision machine tools had been manufactured by September 10.

The daily freight haulage at the Pyongyang railway administration this month is 20 to 30 percent above the quota.

The Northern railway builders are striving to complete by October 10 the roadbed project in the whole section and the laying of rails in a 52 kilometre section.

Going on in high key is the construction of large- and medium- and small-size power stations.

The construction of a coal yard, dust-absorbing system No 3 and other objects is being hastened at the Chongjin thermal power plant where the construction of an additional generating system was completed recently.

The builders of Taechon power station No 2 have completed the laying of a 12 kilometre long railway line for its exclusive use. This has increased the concrete tamping speed at the main dam 50 percent.

No less brisk is the construction of the water-gathering channel at the March 17 power station, a large Northern power base.

The construction of medium- and small-scale hydraulic power stations is being accelerated in Yanggang and Changang provinces and other areas.

The Nampo ship-building complex has successfully made the gates for locks Nos 2 and 3 of Nampo lock gate which will let pass large cargo vessels. Now it is hastening on a full-fledged scale the manufacture of the swing bridge for the locks.

The fishermen of the country have caught, entering this year, twice as much fishes as in the comparable period last year.

CSO: 4100/003

N.KOREA/ECONOMY

KCNA ON DEVELOPMENT OF FISHERIES IN DPRK

SK250417 Pyongyang KCNA in English 0408 GMT 25 Sep 85

[Text] Pyongyang, 24 Sep (KCNA)--A big success has been registered in the development of fisheries in Korea over the past 40 years since her liberation.

The production of seafood in 1984 showed an increase of 16 times above 1946.

The great leader President Kim Il-song indicated policies and methods for the comprehensive development of fisheries including the problem of replacing the fishing boats with large, modern and universal ones and modernizing fishing ports and processing bases, and [word indistinct] directed work for their implementation.

The 1970s witnessed a leaping development of fisheries in Korea.

Many 10,000 ton factory boats, 5,000 ton refrigerator transports, 3,750 ton stern trawlers, 450 ton universal boats and others were built to replenish the fishing fleets.

The number of oceanic observation boats, fish shoal detection boats, navigation and detection establishments has increased and modern fishing tackle production bases have been solidly built up.

The horsepower per fishing boat grew 1.5 times and the number of scientific and technical apparatus installed on ships doubled in 1976 compared with 1970.

In the one year of 1977, more than 700 fishing boats were rebuilt and modernized to be universal ones.

In recent years fishery bases on the east and west coats have been reconstructed on an expansion basis and fishing ports establishments and processing facilities have been mechanized and modernized.

Modern freezing factories and refrigerators have been built at major fishing ports to markedly increase the quick freezing and storing capacity. The number of seafood processing bases increased two times in 1982 as against 1972. The seafood production grew 2.2 times during the Second Seven-Year Plan period (1978-1984).

CSO: 4100/003

N.KOREA/KOREANS IN JAPAN

KIM IL-SONG RECEIVES LETTERS FROM CHONGNYON

SK280447 Pyongyang KCNA in English 0434 GMT 28 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--The great leader Marshal Kim Il-song received a message from the Central Standing Committee of Korean Residents in Japan (Chongnyon) expressing thanks to him for the 97th installment of educational aid fund and stipends for the democratic national education of Korean sons and daughters in Japan and a letter from a meeting of Korean educational workers and scientists in Japan and Korean students studying at Japanese schools expressing thanks to his solicitude.

He received a letter also from a meeting celebrating the 30th anniversary of the formation of the Central Educational Association of Koreans in Japan.

The message of thanks from the Chongnyon Central Standing Committee says: Chongnyon has been able to successfully succeed the generation of patriotism, the generation of the nation, in the movement of Koreans in Japan by laying out a great flower garden of chuche-based education of overseas Koreans and bringing up the Korean sons and daughters to be proud citizens overseas of chuche motherland under the difficult conditions of an alien land, as the great leader has shown utmost care for the patriotic movement and the democratic national education of Chongnyon and constantly given life-giving water for their strengthening and development.

The letter from the meeting celebrating the 30th anniversary of the formation of the Central Educational Association of Koreans in Japan says that, under the wise leadership and deep solicitude of the great leader and the glorious party center, Chongnyon and the Korean in Japan have been able to establish an orderly system of democratic national education ranging from kindergarten to university and raise the rising generation to be true Koreans and reliable successors to the patriotic cause so that the patriotic movement of Chongnyon could be successfully carried on through generations.

Contained in the letter is the determination of the attendants of the meeting to make a great contribution to the patriotic work of Chongnyon by imbuing the organisations of the educational association with the chuche idea and further strengthening and developing national education.

The message and letters sincerely wish good health and a long life to the great leader Marshal Kim Il-song.

CSO: 4100/003

N. KOREA/FOREIGN RELATIONS

YANBIAN IMPLEMENTS OPEN DOOR POLICY

Hong Kong TA KUNG PAO in Chinese 10 Sep 85 p 2

[Article by Jiang Guoyuan [1203 0948 0337]" "Yanbian Implements Open Door Policy"]

[Text] After a 6-hour car ride from Changbai Mountain, we finally arrived in Yanji, capital of the Yanbian Chaoxian Autonomous Prefecture.

We were a little disappointed upon our arrival in Yanji, for we had expected to see young girls wearing their traditional Korean costumes, but none was to be seen. Although most of the girls do have traditional costumes, it is not convenient to go to work wearing loose fitting dresses with wide sleeves. That is why such dresses are seldom worn except on holidays. On Sunday, however, we did see a number of young girls in the streets wearing colorful traditional costumes.

Prefecture Given Municipal-Level Autonomous Powers

China is a nation made up mostly of the Han nationality. Yanbian, however, presents a different picture. In Yanbian, people belonging to the Korean nationality make up 45.3 percent of the total population of 1.92 million, close to the percentage of people of the Han nationality.

In an interview with reporters from Hong Kong and Macao in April, Huang Zailin [7806 6528 2651], elected mayor of the prefecture, stated that Yanbian had been granted municipal-level autonomous powers by the province, that, in line with the open door policy, Yanbian also welcomed investments by foreign businessmen in the establishment of factories, joint ventures and the tourist trade, and that the autonomous prefecture had the authority to approve investment projects not exceeding \$5 million.

Showing reporters the blueprint for construction projects in Yanbian, Huang Zailin stated that the policy of Yanbian was based on "the four footholds," "the three external relations" and the "eight developments." By "the four footholds" is meant reliance on the abundant local natural resources, self-reliance, the development of the collective economy, and the adoption of reforms. By "the three external relations" is meant opening up to areas outside the prefecture, the province, and foreign countries. By "the eight developments"

is meant the intensive development of forests, energy resources, food, medicine, the petrochemical industry, construction materials, tourism and doubling the production quota by 1990 and quadrupling it by 1995.

The mainstay of Yanbian is agriculture, although conditions are also favorable for the tourist trade.

#### Warmth and Hospitality of the People

As for the tourist trade, Changbai Mountain in the prefecture is the highest mountain in the northeast. It is not only a world covered with a blanket of white snow, but also a classroom for the study of nature seldom equalled anywhere in the world. It is here that the different levels of natural living things can be seen. The mountain also abounds in hot springs. If advantage is taken of such outstanding natural conditions, it is possible to create considerable tourist interest.

Although we spent only about 3 days in Yanbian, we were deeply impressed by the warmth and hospitality of the people who are generally of a high cultural standard and well versed in singing and dancing. Visitors to Yanbian have the feeling of being wafted by a spring breeze. Although the conditions of the guesthouse in which we stayed were not all that they could be, the spirit of service shown by the attendants left an indelible impression.

Yanbian is not only a city with an ancient tradition, but also one brimming with vitality. It might be a good idea to pay a visit to Yanbian during the Spring Festival.

9621  
CSO: 4006/953

N.KOREA/FOREIGN RELATIONS

FOREIGN FIGURES PRAISE KIM CHONG-IL'S LEADERSHIP

SK250427 Pyongyang KCNA in English 0416 GMT 25 Sep 85

[Text] Pyongyang, 25 Sep (KCNA)--Chiefs of youth organisations and figures of various strata in many countries of the world who had visited Korea highly spoke of the wise guidance of dear Comrade Kim Chong-il who is leading the Korean youth movement along the road of victory and glory.

The chairman of the Central Committee of the Somali Revolutionary Youth Union said that Comrade Kim Chong-il has perfectly grasped the idea of respected President Kim Il-song on the youth movement and is further developing and enriching the idea.

The Korean youth movement, he stressed, has become a most dignified and resourceful youth movement in the world under the wise guidance and warm care of Comrade Kim Chong-il.

My impressions of Korea are that the lineage of the revolution has been firmly inherited, said George W.L. Thomas, honorary chairman of the Gambian students committee and principal of a college, and noted: Korea is an exemplary country in successfully solving the problem of youth and children.

Yasushi Yugawa, head of the delegation of the Osaka, Japan, youth committee of solidarity for supporting the independent and peaceful reunification of Korea, said that the glorious Workers' Party of Korea which has successfully solved the problem of the reserves of the revolution and firmly united millions of youth around it is an invincible party capable of pulling through any storm and stress.

Kwesi Pratt, public relations officer of the National Youth Council of Ghana, in his lecture given at the Ghana Institute of Journalism said that under the wise guidance of President Kim Il-song and Comrade Kim Chong-il the Korean youth are playing an important role in all domains of state and social life.

The minister of youth of Madagascar in his impressions of visit to Korea stressed that the Korean youth movement which has struck its roots in the great chuche idea and has been organised and developed by the great leader is an example of the world youth movement.

CSO: 4100/003

N.KOREA/FOREIGN RELATIONS

VARIOUS GROUPS ARRIVE, DEPART

SK250501 Pyongyang KCNA in English 0441 GMT 25 Sep 85

["Visits"--KCNA headline]

[Text] Pyongyang, 25 Sep (KCNA)--a delegation of the Korean Union of Architects headed by Pae Tal-chun, vice-chairman of the State Construction Commission and vice-chairman of the Central Committee of the union, left Pyongyang on September 24 by plane for a visit to Poland and Czechoslovakia.

The delegation of the KOREAN CENTRAL NEWS AGENCY headed by its deputy general director Hong Hyon-chong returned home yesterday after a visit to China.

A delegation of the Bimeh Insurance Company of Iran headed by its managing director Amir Sadeghi Neshat and a delegation of the National Insurance Corporation of Nigeria headed by R.O. Afilaka to the international seminar on the aviation and engineering insurance, a delegation of the trade unions of agriculture and foodstuff of Romania headed by its secretary Moina Ion, president of the Fita Francesco Gnechi-Ruscone and a delegation of scholars of the Asian Economic Institute of Japan headed by department director of the institute Tamio Shimakura arrived here on the same day.

A delegation of the Sofia City Youth Communist League of Bulgaria headed by its secretary Veska Lyubenova Ilieva arrived here on September 23.

The Soviet circus headed by Valeri Kanishchev; the delegation of the State Planning Committee of Romania headed by its vice-chairman Gheorghe Nicolescu; the delegation of the Romanian Journalists Council headed by Ion Badea, general secretary of the AGERPRES NEWS AGENCY; the delegation of the Workers' Party of Ethiopia headed by Abdul Hafiz Yusuf, member, and deputy director of a department, of the Central Committee of the WPE; Otto Schonherr, editor-in-chief of the AUSTRIAN PRESS AGENCY (APA); and D.P. Chattopadhyaya, chairman of the Indian Philosophical Research Council, left here for home on September 24.

The delegation of the information department of the Ministry of Foreign Affairs of China headed by its director Ma Yuzhen left here for home on the 23rd.

The home-visiting groups of Koreans in Japan, the home-visiting group of art circles of the General Association of Korean Residents in Japan (Chongnyon) and the 83rd short-term home-visiting group of Koreans in Japan which had visited the socialist homeland and the delegation of the International Metal Industrial Workers Trade Union headed by its secretary general Alain Stern, Shuhachi Inoue, deputy director general of the board of the International Institute of the Chuche Idea, and his party, and the delegation of researchers of the International Institute of the Chuche Idea headed by Takao Kamakura, director of the board of the institute, left here Tuesday.

CSO: 4100/003

N.KOREA/FOREIGN RELATIONS

BOTSWANAN INDEPENDENCE DAY REMEMBERED

Kim Il-song Greetings to President

SK290947 Pyongyang KCNA in English 0904 GMT 29 Sep 85

[Text] Pyongyang, 29 Sep (KCNA)--President Kim Il-song extended warm felicitations to Botswanan President Q.K.J. Masire on the occasion of the 19th anniversary of the independence of Botswana.

In his message of greetings he expressed the belief that the friendly and cooperative relations between the two countries would grow stronger and develop and sincerely wished Q.K.J. Masire and the Botswanan people greater success in their work for repulsing the aggressive and subversive manoeuvres and sabotages of the colonialists and racists, firmly defending the sovereignty of the country and building a prospering Botswana.

NODONG SINMUN's Comments

SK300613 Pyongyang KCNA in English 0529 GMT 30 Sep 85

[Text] Pyongyang, 30 Sep (KCNA)--NODONG SINMUN today dedicates an article to the 19th anniversary of the independence of Botswana.

Noting that the Botswanan people have achieved successes in their struggle for defending national independence and dignity and building a new life under the leadership of President Masire, the paper says:

Pursuing a non-aligned policy externally, the Botswanan Government supports the oppressed peoples in their struggle against imperialism, colonialism and racism and for freedom and independence.

The Korean people express firm solidarity with the Botswanan people's struggle.

The Korea-Botswana friendship is developing day by day in the common struggle for independence against imperialism.

The Botswanan Government and people voice support to the Korean people in their cause of the independent and peaceful reunification. The Korean people sincerely wish them greater success in their endeavours for building a new Botswana, powerful and prospering.

N.KOREA/FOREIGN RELATIONS

HUNGARIAN ARMED FORCES DAY CELEBRATED

**Soldiers Meeting Marks Day**

SK260535 Pyongyang KCNA in English 0504 GMT 26 Sep 85

[Text] Pyongyang, 26 Sep (KCNA)--A soldiers' meeting was held on September 25 at the unit of the Korean People's Army to which Comrade Sok belongs on the occasion of day of armed forces of the Hungarian People's Republic.

Invited there were military attache Kiss Lajos Sandor and an official of the Hungarian Embassy in Pyongyang.

Speeches were exchanged at the meeting.

Earlier, a similar meeting was held at the KPA unit to which Comrade Pak Nam-hyong belongs.

**KPA Figures Attend Reception**

SK260542 Pyongyang KCNA in English 0515 GMT 26 Sep 85

[Text] Pyongyang, 26 Sep (KCNA)--Janos Taraba, Hungarian ambassador to Korea, gave a film reception and cocktail party Wednesday evening at his embassy on the occasion of day of armed forces of the Hungarian People's Republic.

Invited there were Col General Pak Chung-kuk, Maj Generals O Kyong-hun and Yi Hong-sun and officers of the Korean People's Army.

**Military Attache's Party**

SK280553 Pyongyang KCNA in English 0519 GMT 28 Sep 85

[Text] Pyongyang, 28 Sep (KCNA)--Kiss Lajos Sandor, military attache of the Hungarian Embassy in Pyongyang, gave a reception friday evening at his embassy on the occasion of day of armed forces of the Hungarian People's Republic.

Invited there were Col General Pak Chung-kuk, Maj Generals O Kyong-hun and Yi Hong-sun and other generals and officers of the Korean People's Army.

Military attaches of foreign embassies here were also invited there.

Hungarian Ambassador Janos Taraba and his embassy officials were present.

Military Attache Kiss Lajos Sandor and Pak Chung-kuk made speeches there.

CSO: 4100/003

## INDONESIAN INFORMATION MINISTER'S VISIT

Chong Chun-ki Feted Minister, Entourage

SK280621 Pyongyang KCNA in English 0543 GMT 28 Sep 85

[Text] Pyongyang, 28 Sep (KCNA)--The information committee of the Democratic People's Republic of Korea arranged a party at the Chongnyu restaurant on the evening of September 27 for H. Harmoko, chairman of the Inter-governmental Council for Coordination of Information of Non-aligned Countries and information minister of the Republic of Indonesia, and his party on a visit to our country.

Present there were Vice-Premier Chong Chun-ki, Chu Hyon-ok, general director of the KOREAN CENTRAL NEWS AGENCY and chairman of the information committee of the DPRK, Chon Chae-hong, vice-minister of foreign affairs, O Mun-han, vice-chairman of the Committee for Cultural Relations With Foreign Countries and vice-chairman of the information committee of the DPRK, and other officials concerned.

In his speech Chu Hyon-ok said that under the correct leadership of His Excellency respected President Suharto the Indonesian people have made a great advance this year, too, in achieving national unity, solidarity and concord and carrying out the Fourth Five-Year Plan, not slackening the spirit with which they successfully fulfilled its first year task.

In particular, he noted, we are well aware of the much efforts made by the Indonesian Government to defend the principle and idea of the Nonaligned Movement and achieve peace, freedom and neutrality of the Southeast Asian region and positively estimate them.

Pointing out that His Excellency Harmoko, as chairman of the Inter-governmental Council for Coordination of Information of Non-aligned Countries, has contributed to the just struggle to repulse the monopolistic arbitrariness of the imperialists and colonialists in this movement and establish a new international information order, he said: The Korean people sincerely welcome your visit to our country.

The Korean people, he noted, wish the Indonesian people new greater success in the struggle for the independent development of the country and national prosperity.

In his speech H. Harmoko said: Upon arriving in Pyongyang we have seen with our own eyes great successes achieved by the Korean people in the building of socialism under the wise guidance of His Excellency respected President Kim Il-song.

Today the Korean people under the wise guidance of His Excellency respected President Kim Il-song are energetically striving to greet the 40th anniversary of the founding of the Workers' Party of Korea with successes of labour.

He expressed the belief that talks between North and South would contribute to providing a good opportunity to ease the tensions on the Korean peninsula and reunify the country in a peaceful way.

He referred to the significance of cooperation and exchange in the information domain among the non-aligned countries.

Noting that he was pleased with the favorable development of information exchange between the two countries, he stressed: We believe that the exchange in this domain will further develop in the future.

#### Minister's Arrival

SK271117 Pyongyang KCNA in English 1032 GMT 27 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--H. Harmoko, chairman of the Inter-governmental Council for Coordination of Information of the Non-aligned Countries and information minister of the Republic of Indonesia, and his party flew to Pyongyang Friday.

They were met at the airport by Chu Hyon-ok, general director of the KOREAN CENTRAL NEWS AGENCY and chairman of the information committee of the Democratic People's Republic of Korea, O Mun-han, vice-chairman of the Committee for Cultural Relations With Foreign Countries and vice-chairman of the information committee of the DPRK, and R.M. Moertolo, charge d'affaires ad interim of the Indonesian Embassy in Pyongyang.

CSO: 4100/003

N.KOREA/FOREIGN RELATIONS

PRC ARMED POLICE FORCE ART TROUPE PERFORMS IN WONSAN

SK271037 Pyongyang KCNA in English 1014 GMT 27 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--The art troupe of the Chinese people's armed police force on a visit to our country gave performances in Wonsan, a port city of culture.

The performance was watched by Yim Hyong-ku, chief secretary of the Kangwon provincial committee of the Workers' Party of Korea and chairman of the Kangwon Provincial People's Committee, Kim Kyong-ho, vice-chairman of the Kangwon provincial administrative and economic guidance committee, Paek Chong-won, chief secretary of the Wonsay city party committee and chairman of the Wonsan City People's Committee, and other officials concerned, working people, public security men and artists in the city.

At the performance which raised the curtain with the choruses "Without the Communist Party There Would Be no New China" and "Song of General Kim Il-song" colourful numbers including songs, dances and musical instruments were put on the stage.

The performers were acclaimed by the audience for the excellent depiction of the warm love of the Chinese people and the fighters of the Chinese people's armed police force for the homeland and their life.

The Chinese artistes sang well in Korean the Korean songs "Leader, the Night Is Far Advanced" and "The Leader Has Come to the Post" with boundless respect and reverence for the great leader President Kim Il-song and performed the Korean dance "Honor of Sentinel at the Crossroads" with graceful and light rhythmic movements, leaving deep impressions at the audience.

The performers successfully adorned the end of the performance with the dance "The China-Korea Friendship" showing the indestructible friendship and unity between the Korean and Chinese peoples.

CSO: 4100/003

N.KOREA/FOREIGN RELATIONS

INTERNATIONAL SEMINAR ON AVIATION AND ENGINEERING INSURANCE IN PYONGYANG

Seminar Opens

SK240602 Pyongyang KCNA in English 0540 GMT 24 Sep 85

[Text] Pyongyang, 24 Sep (KCNA)--The international seminar on aviation and engineering insurance opened here on September 23.

The seminar participated in by delegations or delegates of member and correspondent member nations of the Federation of Afro-Asian Insurers and Reinsurers and interested countries will exchange successes and experiences gained in the organisation and work of aviation and engineering insurance and discuss a series of problems arising in further developing the insurance business in keeping with the demand of the present development.

The seminar will mark an important occasion in expanding and strengthening cooperation and business relations among insurance workers and companies of various countries of the world and developing national insurance business in each country.

Attending the seminar are delegations or delegates of member companies of the Federation of Afro-Asian Insurers and Reinsurers--the People's Insurance Company of China, the National Insurance Company of Bahrain, the Mohandes Insurance Company of Egypt, the Ethiopian Insurance Corporation, the Munich Reinsurance Company of West Germany, the General Insurance Corporation of India, the Bimeh Markazi, Iran, the Al-Ahleia Insurance Company of Kuwait, the Bankers Assurance Company of Lebanon, the Malayan Insurance Company of the Philippines, the State Assurance Corporation of Seychelles, the Industrial and Commercial Insurance Company of the Sudan and the Korean International Insurance Company--and non-member companies--the Soviet Insurance Company, Ltd, the Cuban State Insurance Company, Czech Insurance Company of Czechoslovakia, the State Insurance Company of Hungary, the Belgian Finance and Reassurance Company, the J.B. Boda and Company Private Ltd, India, the Elie Nadjar Company of France, the Evans-Lombe Ashton Company of Britain, the Anglo-Caribbean Insurance Agents, the Harrison Horncastle Insurance Company of Britain, the Hogg Robinson Company of Britain, the Greig Fester Ltd, Britain, the Richard Longstaff Ltd, England, the Nasko Insurance Brokers, Ltd, England, the Ernesto Wallerstein Reinsurance Brokers of Italy, the Koguna Babura Company of Nigeria and Zimbabwe Reinsurance Company.

Present there are the delegation of the headquarters of the Federation of Afro-Asian Insurers and Reinsurers and the delegation of Kumgang Insurance Workers of the General Association of Korean Residents in Japan (Chongnyon).

Foreign diplomatic envoys in Pyongyang were also present.

Paek Myong-non, director of the Korean International Insurance Company, made an opening address.

Vice-Premier Kong Chin-tae made a congratulatory speech at the opening ceremony.

Noting that a demand and desire for the development of aviation and engineering insurance are steadily growing in the international insurance market, he said:

Today constructions are going on on a large scale and transport by large planes is increasing along with the introduction of modern science and technology in aviation and engineering insurance in the countries in Asia and Africa which are striving to build a new society, independent and prosperous.

The present reality demands that the insurance and reinsurance companies in Asia and Africa have necessary knowledge conforming with the present scientific and technological development and become able to deal with the insurance business in this domain.

We are convinced that the current international seminar on insurance will yield good result thanks to the sincere efforts of lecturers and delegates.

He went on:

Under the wise guidance and deep care of the great leader President Kim Il-song and our glorious party, insurance in Korea is genuinely serving man, the most valuable being in the world, and positively contributing to the development of the independent national economy for the development and prosperity of the country and the happiness of the people.

The Korean insurance workers, upholding the chuche-based, popular insurance policy of our party, will actively strive to consolidate successes already gained, further develop insurance and reinsurance in various fields, particularly, aviation and engineering insurance and expand and develop cooperation and business transaction with all the insurance and reinsurance companies in Asia, Africa, Europe and the rest of the world.

Head of the delegation of the People's Insurance Company of China Cheng Wanzhu, president of the Federation of Afro-Asian Insurers and Reinsurers, made a congratulatory speech at the opening ceremony.

The seminar will discuss the agenda items from the 24th.

International Insurance Attendants Feted

SK240556 Pyongyang KCNA in English 0535 GMT 24 Sep 85

[Text] Pyongyang, 24 Sep (KCNA)--The Administration Council arranged a reception at the People's Palace of Culture last evening for foreign delegations and delegates attending the international seminar on aviation and engineering insurance.

Invited there were delegations and delegates of insurance companies of various countries and international organisations attending the seminar and foreign diplomatic envoys in Pyongyang.

The members of the delegation of Kumgang Insurance Workers of the General Association of Korean Residents in Japan (Chongnyon) were present on invitation.

Present there were Vice-Premier Kong Chin-tae, Paek Myong-non, president of the Korean International Insurance Company, and other officials concerned.

In his speech Kong Chin-tae said that the international seminar would be an important occasion in sharing good experiences gained in the insurance and reinsurance business in various countries, further developing insurance and solving theoretical and practical problems in insurance.

Noting that if insurance businessmen of all countries of the world including Asian and African countries strengthen cooperation with each other, they will be able to strengthen and develop national insurance, he hoped that the seminar would greatly contribute to the work of the Korean International Insurance Company and insurance companies of various countries.

Speaking next, A.M. El Farnawani, secretary general of the Federation of Afro-Asian Insurers and Reinsurers, expressed the belief that this seminar would give useful knowledge to insurance workers of various countries including Asian and African countries.

On behalf of the Federation of Afro-Asian Insurers and Reinsurers and attendants of the seminar, he extended deepest thanks to His Excellency the great Kim Il-song, president of the Democratic People's Republic of Korea, and His Excellency Kim Chong-il, the dear leader.

Comment on Ongoing Seminar

SK260539 Pyongyang KCNA in English 0506 GMT 26 Sep 85

[Text] Pyongyang, 26 Sep (KCNA)--The second and third day sessions of the international seminar on aviation and engineering insurance were held at the People's Palace of Culture on September 24 and 25.

Introduced at the sessions were successes and experiences gained by insurance companies of various countries in organisation and business of aviation and engineering insurance. The sessions discussed the problems of further strengthening and developing exchange and cooperation among insurance companies internationally.

Speeches were made at the sessions by the delegate of the Bankers Assurance Company of Lebanon, a member of the delegation of the People's Insurance Company of China, the delegate of the Richard Longstaff Ltd, England, the delegate of the Al Ahlia Insurance Company of Kuwait, the delegate of the General Insurance Corporation of India and the delegate of the Munich Reinsurance Company of West Germany.

They spoke about a series of technological and business-like problems arising in receiving a guarantee for all material losses and damages which may be caused in the period of projects with a comprehensive insurance policy under the situation in which construction projects demanding huge expenses and technical means are going on an extensive scale and they are assuming protracted nature.

Noting that many countries including Asian and African countries are further developing civil aviation industry, they pointed to questions concerning aviation insurance.

Stressing the need to constantly pave the insurance domain in conformity with the demand of the developing reality, they called for strengthening business relations, widely exchanging insurance technique and material and developing cooperative relations among insurance companies.

The seminar continues.

#### Letter to Kim

SK270600 Pyongyang KCNA in English 0530 GMT 27 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--The great leader President Kim Il-song on September 26 received a letter of thanks sent by Cheng Wanzhu, president, and A.M. El Farnawani, secretary general, of the Federation of Afro-Asian Insurers and Reinsurers, on behalf of the participants in the international seminar on aviation and engineering insurance in Pyongyang upon its successful conclusion.

The letter says:

The seminar which was held amid the [words indistinct] and expectations of the insurers and reinsurers of the world has greatly encouraged the future activities of the insurers in Asia, Africa and others parts of the world, and also provided us with an important opportunity to further develop the relations of friendship and cooperation among us.

During our stay in your country, we have witnessed the brilliant success achieved by the Korean people in the struggle to build a new society under the outstanding and tested leadership of your excellency president. We have come to realize clearly that your excellency accord deep care and solicitude to the Korean International Insurance Company and its members for the development of insurance in Korea.

The Korean International Insurance Company, one of the founders of the Federation of Afro-Asian Insurers and Reinsurers, greatly contributes to the development of our federation.

Conscious of our mission to encourage and develop national insurance, we will do our best for the development of insurance on an international scale as well as in each country while consolidating the achievements of this Pyongyang seminar.

#### School Children Performance

SK270507 Pyongyang KCNA in English 0448 GMT 27 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--A friendship excursion for foreign delegations and delegates to the international seminar on aviation and engineering insurance was held at the Sokam Children's Union Camp on September 25.

Invited there were delegations or delegates of insurance companies of various countries and an international organization and the members of the delegation of Kumgang Insurance Workers of the General Association of Korean Residents in Japan (Chongnyon) to the seminar.

The attendants held sports amusement games such as partner-finding, bottle-hooking and running with balls in arms.

Then a performance was given by school children art circle members.

The performers put colorful numbers on the stage to be acclaimed by the audience.

The guests and the members of the delegation of Kumgang Insurance Workers of Chongnyon mounted the stage and sang well "Song of General Kim Il-song" and other songs to enjoy the applause of the audience.

#### Letter to Kim Chong-il

SK270559 Pyongyang KCNA in English 0526 GMT 27 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--The dear leader Comrade Kim Chong-il on September 26 received a letter of thanks sent by President Cheng Wanzhu, and secretary general A.M. El Farnawani, of the Federation of Afro-Asian Insurers and Reinsurers on behalf of the participants in the international seminar on aviation and engineering insurance in Pyongyang upon its successful conclusion.

The letter says:

The Pyongyang seminar offered a very precious opportunity to insurers in Asia, Africa and the rest of the world to further develop aviation and engineering insurance, exchange experiences gained in this domain, deepen mutual understandings and witness the great creations of the Korean people in the struggle for the building of a new society and their struggle for the independent and peaceful reunification of the country under the wise guidance of the Workers' Party of Korea led by your excellency.

We participants in the seminar have come to know well the efforts and meticulous care of your excellency for making insurance in your country a popular one. This gave the participants in the seminar a great inspiration to propel the development of national insurance.

We will actively strive to develop national insurance and strengthen international cooperation, consolidating experiences and knowledge exchanged at the Pyongyang seminar this time.

#### Reception for Participants

SK270504 Pyongyang KCNA in English 0444 GMT 27 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--The Korean International Insurance Company arranged a reception at the Ongnyu Restaurant on September 26 for the delegations or delegates of insurance companies of various countries and an international organisation and the delegation of Kumgang Insurance Workers of the General Association of Korean Residents in Japan (Chongnyon) who had attended the international seminar on aviation and engineering insurance.

Present there were Vice-Premier Kong Chin-tae and director of the Korean International Insurance Company Paek Myong-non and other personages concerned.

Speeches were made at the reception.

#### Kang Song-san Meets Participants

SK270538 Pyongyang KCNA in English 0507 GMT 27 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--Comrade Kang Song-san, premier of the Administration Council, on September 26 met and had conversations with the delegations or delegates of insurance companies of various countries and an international organisation and the delegation of Kumgang Insurance Workers of the General Association of Korean Residents in Japan (Chongnyon) who had attended the international seminar on aviation and engineering insurance.

Present there were Vice-Premier Kong Chin-tae and Paek Myong-non, director of the Korean International Insurance Company.

CSO: 4100/003

N.KOREA/FOREIGN RELATIONS

BRIEFS

DPRK-GDR COOPERATION PLAN--Pyongyang, 21 Sep (KCNA)--A 1986-90 plan for co-operation between the foreign ministries of the Democratic People's Republic of Korea and the German Democratic Republic was signed in Pyongyang on September 20. The plan was signed on our side by Vice-Minister of Foreign Affairs Kim Kyong-yul and on the opposite side by secretary of state for the GDR Foreign Ministry and its First Deputy Minister Herbert Krolikowski.

[Text] [Pyongyang KCNA in English 0456 GMT 21 Sep 85 SK]

VISITORS ARRIVE, DEPART--Pyongyang, 22 Sep (KCNA)--The delegation of the party history institute of the Central Committee of the Workers' Party of Korea headed by its director Kang Sok-sung returned home on September 20 from Hungary and the delegation of the International Insurance Company of Korea headed by its director Paek Myong-non on September 21 from China. Arriving here on September 20 were a delegation of the State Planning Committee of Romania headed by its vice-chairman Gheorghe Nicolescu, a mountain area construction delegation of China headed by Yang Jue, vice-director of agricultural development research centre of the State Council of China, and Otto Schonherr, editor-in-chief of the APA NEWS AGENCY of Austria. U.S.-resident compatriot Tak Chae-hon and Canada-resident compatriot Pak Tong-chin arrived in Pyongyang on the same day for a visit to the homeland. The delegation of national committee for the study of the chuche idea of the Malagasy Vanguard of Revolution, the GDR light industry delegation and the delegation of the Chinese people's armed police force left here for home on September 21. [Text] [Pyongyang KCNA in English 1055 GMT 22 Sep 85 SK]

PRC HYDRAULIC ENGINEERING GROUP--Pyongynag, 23 Sep (KCNA)--A chinese delegation arrived in Pyongyang by train on September 22 to attend an international scientific and technical conference on hydraulic engineering to be held in Korea. Earlier, a GDR delegate and a Hungarian delegation flew into Pyongyang. [Text] [Pyongyang KCNA in English 0557 GMT 23 Sep 85 SK]

CPL DELEGATION--Pyongyang, 20 Sep (KCNA)--A delegation of the Communist Party of Luxemburg [CPL] led by Francois Hoffmann, member of the executive committee of the Central Committee of the CPL and editor-in-chief of the party organ ZEITUNG VUM LETZEBURGER VOLLEK, flew into Pyongyang today. It was met at the airport by Kim Ki-nam, member of the Central Committee of the Workers' Party of Korea and editor-in-chief of NODONG SINMUN, and others. [Text] [Pyongyang KCNA in English 1524 GMT 20 Sep 85 SK]

CHOE TOK-SIN LEAVES--Pyongyang, 25 Sep (KCNA)--Choe Tok-sin, chairman of the "Paedal National Council" in the United States, left Pyongyang by air. He is former "minister of foreign affairs" of South Korea, former commander of a South Korean "ROK Army" corps (lieutenant general) and former leader of the central headquarters of Chondoism. [Text] [Pyongyang KCNA in English 1036 GMT 25 Sep 85 SK]

GUINEA-BISSAU PRESIDENT GREETED--Pyongyang, 23 Sep (KCNA)--Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, sent a message of greetings Monday to Joao Bernardo Vieira, secretary general of the African Party for Independence of Guinea-Bissau and Cape Verde and president of the State Council of the Republic of Guinea-Bissau, on the 12th anniversary of the proclamation of the republic. He in his message extends congratulations, on behalf of the Workers' Party of Korea, the Government of the Democratic People's Republic of Korea and the Korean people and on his own behalf, to Joao Bernardo Vieira, president of the State Council, and to the African Party for Independence of Guinea-Bissau and Cape Verde and Government and people of Guinea-Bissau. He wishes Joao Bernardo Vieira and his people great success in their work for the country's prosperity. [Text] [Pyongyang KCNA in English 1003 GMT 23 Sep 85 SK]

SOVIET CIRCUS GROUP--Pyongyang, 24 Sep (KCNA)--A friendship meeting of Korean acrobats and acrobats of the Soviet circus was held in Pyongyang on September 23. Invited there were the acrobats of the Soviet circus headed by Valeriy Kanishchev. Present there were Chang Chol, vice-minister of culture and art, other personages concerned and acrobats. Speeches were exchanged at the meeting. Then the attendants appreciated a Korean documentary film. The acrobats of the two countries further deepened the sentiments of friendship and unity between the Korean and Soviet peoples and artists, singing Korean and Soviet songs, dancing and performing circus pieces. [Text] [Pyongyang KCNA in English 1021 GMT 24 Sep 85 SK]

AUSTRIAN PRESS AGENCY VISIT--Pyongyang, 24 Sep (KCNA)--Vice-Premier Chong Chun-ki on September 23 met and had a friendly talk with Otto Schonherr, editor-in-chief of the AUSTRIAN PRESS AGENCY (APA). [Text] [Pyongyang KCNA in English 1023 GMT 24 Sep 85 SK]

SOCIALIST CIVIL AVIATION MEETING--Pyongyang, 24 Sep (KCNA)--The 20th meeting of representatives of civil aviation organs of socialist countries which opened in Pyongyang on September 14 closed on September 23 after successfully discussing the agenda items. Attending there were delegations of the Soviet Union, Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland, delegate of Romania, delegations of Vietnam and the Democratic People's Republic of Korea. The meeting reviewed the implementation of the decisions of the 10th meeting of representatives of civil aviation organs of socialist countries and discussed a series of questions arising in the management of air transport including air service fees, transport fees, account settlement of fees among civil aviation organs of socialist countries. The meeting discussed the preliminary agenda, date

and venue of the 21st meeting. A protocol was adopted at the meeting. Prior to the closing of the meeting, the Korean Civil Aviation Administration gave a reception on the evening of September 22 for foreign delegations and delegates. [Text] [Pyongyang KCNA in English 0517 GMT 24 Sep 85 SK]

NEW FOREIGN AMBASSADOR--Pyongyang, 25 Sep (KCNA)--Newly-appointed Ambassador Extraordinary and Plenipotentiary A.J.M. Enayetullah Khan of Bangladesh, newly-appointed Ambassador Extraordinary and Plenipotentiary Yusuf Hassan Ibrahim of Somalia and newly-appointed Ambassador Extraordinary and Plenipotentiary Octavio Neto Valerio of Portugal to Korea arrived in Pyongyang on September 24 by air. [Text] [Pyongyang KCNA in English 0448 GMT 25 Sep 85 SK]

AMBASSADOR TO SAO TOME AND PRINCIPE--Pyongyang, 25 Sep (KCNA)--Kim Chung-nam, Korean ambassador to Sao Tome and Principe, paid a farewell call on the Sao Tome and Principe president on the 16th. The ambassador conveyed regards of President Kim Il-song and Comrade Kim Chong-il to President Manuel Pinto da Costa. President Da Costa expressed deep thanks for this and asked the ambassador to transmit his heartfelt greetings to President Kim Il-song and Comrade Kim Chong-il. [Excerpts] [Pyongyang KCNA in English 1015 GMT 25 Sep 85 SK]

GREETINGS TO N. YEMEN--Pyongyang, 25 Sep (KCNA)--Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, today sent a message of greetings to 'Ali 'Abdallah Salih, president, commander of the armed forces and general secretary of the General People's Congress of the Yemen Arab Republic, on the occasion of the 23d anniversary of the victory of September 26 revolution in the Yemen Arab Republic. He congratulated President 'Ali 'Abdallah Salih, government and people of the Yemen Arab Republic on behalf of the Government of the Democratic People's Republic of Korea, the Korean people and himself. Believing that the friendly and co-operative relations between our two countries will further develop in accordance with the idea of non-alignment, I take this occasion to sincerely wish you and your people great success in the work for the country's independent development, the message says. [Text] [Pyongyang KCNA in English 1031 GMT 25 Sep 85 SK]

GDR ANNIVERSARY FILM SHOW--Pyongyang, 25 Sep (KCNA)--A film show was held at Kim Il-song University on September 24 on the occasion of the 36th anniversary of the founding of the German Democratic Republic. Attending there were teachers and students of the university. An official of the GDR Embassy in Pyongyang was present on invitation. The attendants appreciated a GDR film. [Text] [Pyongyang KCNA in English 0433 GMT 25 Sep 85 SK]

VICE PRESIDENT MEETS BULGARIAN FAMILY--Pyongyang, 25 Sep (KCNA)--Vice-president Pak Sung-chol on September 24 met and had a friendly talk with Vasilka Nikiforova and her family living in Sofia at the Mansudae Assembly Hall. Present there were O Mun-han, vice-chairman of the Committee for Cultural Relations With Foreign Countries and vice-chairman of the Korea-Bulgaria Friendship Association, and Vasil Hubchev, Bulgarian ambassador to Korea. [Text] [Pyongyang KCNA in English 0434 GMT 25 Sep 85 SK]

NAVY DELEGATION TO USSR--Pyongyang, 25 Sep (KCNA)--A navy friendship delegation of the Korea People's Army led by Senior Vice Admiral Kim Il-chol, command of the navy of the KPA, left here today by air for a visit to the Soviet Union. It was seen off at the airport by Colonel General Pak Chung-kuk and Major General O Kyong-hun of the KPA and Soviet Ambassador to Korea Nikolay Shubnikov. [Text] [Pyongyang KCNA in English 1039 GMT 25 Sep 85 SK]

IRISH PARTY DELEGATION DEPARTS--Pyongyang, 25 Sep (KCNA)--The delegation of the Irish Workers' Party headed by its general secretary Seon Garland left here today by air after visiting Korea upon the invitation of the Central Committee of the Workers' Party of Korea. It was seen off at the airport by Ho Chong-suk, secretary of the Central Committee of the WPK, and Kim Yong-sun, first vice-director of a department of the Central Committee of the WPK. [Text] [Pyongyang KCNA in English 1034 GMT 25 Sep 85 SK]

NEW FOREIGN AMBASSADORS--Pyongyang, 26 Sep (KCNA)--Vice-Premier and Foreign Minister Kim Yong-nam on September 25 met and had a talk separately with newly-appointed Somali, Portuguese and Bangladesh ambassadors to Korea Yusuf Hassan Ibrahim, Octavio Neto Valerio and A.J.M. Enayetullah Khan, who paid courtesy calls on him. [All spellings as received.] [Text] [Pyongyang KCNA in English 0503 GMT 26 Sep 85 SK]

NEW FOREIGN ENVOYS PRESENT CREDENTIALS--Pyongyang, 27 Sep (KCNA)--Newly-appointed Ambassador Extraordinary and Plenipotentiary Yusuf Hassan Ibrahim of Somalia, newly-appointed Ambassador Extraordinary and Plenipotentiary Octavio Neto Valerio of Portugal and newly-appointed Ambassador Extraordinary and Plenipotentiary A.J.M. Enayetullah Khan of Bangladesh to Korea respectively presented credentials to Vice-President Pak Song-chol on September 26. After receiving credentials Vice-President Pak Song-chol had conversations with the ambassadors. [Text] [Pyongyang KCNA in English 0502 GMT 27 Sep 85 SK]

YUGOSLAVIA SUPPORTS REUNIFICATION--Pyongyang, 27 Sep (KCNA)--Raif Dizdarevic, federal secretary for foreign affairs of Yugoslavia, referring to the Korean question at the plenary meeting of the 40th session of the United Nations General Assembly on September 25, stressed that Yugoslavia supported the efforts of the Democratic People's Republic of Korea for the realisation of the desire of the Korean people for national reunification. [Text] [Pyongyang KCNA in English 0509 GMT 27 Sep 85 SK]

PRC FOUNDING ANNIVERSARY RECEPTION--Pyongyang, 27 Sep (KCNA)--The Ministry of Culture and Art arranged a film reception and a cocktail party on September 26 on the occasion of the 36th anniversary of the founding of the People's Republic of China. Invited there were Chinese Ambassador Zong Kewen and his embassy officials in Pyongyang and Chinese guests staying here. Present there were Chang Chol, vice-minister of culture and art, O Mun-han, vice-chairman of the Committee for Cultural Relations With Foreign Countries and vice-chairman of the Central Committee of the Korea-China Friendship Association, and others. Speeches were exchanged at the cocktail party. Prior to it, the attendants appreciated the Chinese feature film "Second Handshake". [Text] [Pyongyang KCNA in English 0515 GMT 27 Sep 85 SK]

LESOTHO GOVERNMENT BUILDING PROJECT--Pyongyang, 28 Sep (KCNA)--A ceremony to declare the completion of the government building of Lesotho built with the help of a Korean technical cooperation delegation was held on the 20th with a large attendance. Hung on the background of the platform were a portrait of President Kim Il-song and a portrait of Leabua Jonathan, prime minister of the country. The tape hanging in front of the building was cut by Prime Minister Leabua Jonathan. Then the attendants went round different rooms of the building. The opening address of the minister of public work of Lesotho was followed by speeches at the ceremony. A party was given at the end of the ceremony. The prime minister at the party expressed sincere thanks to President Kim Il-song and Comrade Kim Chong-il for the help in the completion of the splendid building. He stressed Lesotho would make every possible effort to further develop the friendly relations with the Korean people in the future. [Text] [Pyongyang KCNA in English 1506 GMT 28 Sep 85 SK]

HUNGARIAN DEFENSE MINISTER GREETED--Pyongyang, 29 Sep (KCNA)--Vice-marshal of the Korean People's Army O Chin-u, minister of People's Armed Forces, sent a message to Col General Istvan Olah, minister of national defence of Hungary, greeting day of the Armed Forces of the Hungarian People's Republic. [sentence as received] Saying that the Hungarian People's Army was safeguarding the gains of the revolution from the imperialists' new war provocation manoeuvres and reliably defending the creative labor of the Hungarian people to build a developed socialist society, the message expressed the belief that the friendship and cooperation between the peoples and armies of the two countries would grow stronger and develop in the future. [Text] [Pyongyang KCNA in English 0827 GMT 29 Sep 85 SK]

CPI DELEGATION'S VISIT--Pyongyang, 29 Sep (KCNA)--The delegation of the Communist Party of India headed by its general secretary C. Rajeshwara Rao on September 28 visited Mangyongdae. The delegation was accompanied by Comrade Pak Song-chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president of the DPRK, and Kil Chae-kyong, vice-director of a department of the WPK Central Committee. While hearing an immortal story associated with the old house of President Kim Il-song in Mangyongdae, the guests went round with keen interest mementoes preserved in the historical house. [sentence as received] On the same day, the delegation inspected the Pyongyang metro. It went round the Tower of Chuche Idea and the Arch of Triumph on the 27th. The delegation appreciated a circus show Saturday evening. [Text] [Pyongyang KCNA in English 0841 GMT 29 Sep 85 SK]

CSO: 4100/003

N.KOREA/FOREIGN TRADE

DPRK'S JOINT VENTURES LAW ELUCIDATED

Pyongyang FOREIGN TRADE in English Nos 9 and 10, Sep and Oct 85

[Interview at the Research Institute of Law of the Academy of Social Sciences with a section chief and a research worker: "On Some Problems Concerning the Implementation of the DPRK Law on Joint Ventures"; in two parts]

[Part 1, Sep 85 pp 6-9]

[Text]

Following the adoption of the "Law of the Democratic People's Republic of Korea on Joint Ventures" on September 8, 1984, the "Income Tax Law of the Democratic People's Republic of Korea Concerning Joint Ventures" and the "Foreigners' Income Tax Law of the Democratic People's Republic of Korea" were promulgated on March 7, 1985. In order to embody these laws and regulations, the "Detailed Regulations for the Implementation of the DPRK Law on Joint Ventures" were adopted by a decision of the Administration Council of the DPRK on March 20, 1985.

Thus, the legal norms are made to settle satisfactorily the practical problems arising from the formation and operation of joint ventures with foreign partners.

Some time ago a reporter of our journal called at the Research Institute of Law of the Academy of Social Sciences and talked with associate doctors Kim Yong Chol, section chief, and Chu Yu Sun, research worker, on the practical problems concerning the implementation of DPRK law on joint ventures.

*Introduced below are the main contents of the talks.*

**Reporter:** The new Detailed Regulations for the Implementation of the Joint Venture Law provide that with whom and on what principles our companies and enterprises can conduct joint ventures. Would you please explain about it?

**Section Chief:** The great leader President Kim Il Sung said:

**"We will develop the relations of trade and commercial exchange with all countries that have different social systems if they respect our sovereignty and want to have economic ties with our country."**

The DPRK Law on Joint Ventures and its Detailed Regulations provide that the DPRK encourages joint ventures between our companies and enterprises and foreign companies, enterprises and individuals on the principle of equality and mutual benefit. According to the regulations, our companies and enterprises can select as their partners of joint ventures the companies and enterprises of the socialist countries and companies, enterprises and individuals of the third world countries and the capitalist countries friendly to our country, and can conduct joint ventures with them freely within the territory of our Republic.

Koreans overseas including Korean traders and manufacturers in Japan may widely take part in joint ventures.

Equality and mutual benefit are the principle to be observed by our companies and enterprises and their foreign partners to the joint venture.

Equality and mutual benefit guarantee the equal position and mutual interests of participants in joint ventures. That is, these principles guarantee participants in joint ventures equal legal rights and prevent any party to enforce discrimination against the other party or to infringe on the other party's interest so that they may carry out the joint venture in accord with mutual interest. This principle runs through the DPRK Law on Joint Ventures and its Detailed Regulations.

**Reporter:** What about industrial categories for joint ventures and their organizational forms and legal position?

**Research Worker:** According to the Detailed Regulations, foreign companies, enterprises and individuals can form joint ventures with our companies and enterprises in various fields of our national economy including electronic, automation, metal, machine-building, chemical, foodstuff, clothing and daily-necessaries industries, construction, transportation and tourism.

Joint ventures can be organized in various forms. They can take the forms in which they specialize in the production of some parts, conduct the business by putting together the funds and techniques of both parties or develop and utilize jointly natural resources. They can also take the forms in

which our side supplies raw materials and the other side supplies machinery and equipment, and the other side supplies raw materials and our side does consigned processing. Besides, they can be organized in other forms.

The joint ventures organized in our country should employ the latest technology and increase the quality and export of products. If not, they are not allowed to be established.

**Section Chief:** All the joint ventures organized in our country are limited liability companies. As you know, in limited liability company the participants are liable for the debt incurred in its management within the limits of their contribution. Therefore, unlimited or limited partnerships, in which the participants are liable to pay the partnership's debt with all their properties beyond the limits of their contribution, are not to be organized in our country.

The legal position of joint ventures is very safe in our country. The DPRK protects by the Joint Venture Law and its Detailed Regulations the properties invested by foreign participants in joint ventures and income accruing from the operation of enterprises and guarantees all legal rights stipulated by its law in connection with the management activities of the participants to joint ventures.

Joint companies should conduct management activities, observing strictly the DPRK laws, contracts concluded between participants and its rules and regulations.

**Reporter:** Would you kindly explain how foreign companies and individuals can organize a joint venture with our companies and enterprises?

**Research Worker:** The Detailed Regulations of the DPRK Law on Joint Ventures stipulate that our companies and enterprises which are going to organize a joint venture with foreign companies, enterprises and individuals should open negotiations with foreign parties after getting agreement with the Ministry of External Economic Affairs and that the parties concerned should conclude a contract on the organization of the joint venture, obtain an approval of the Ministry of External Economic Affairs and register the joint company in the provincial people's committee.

In many cases our companies and enterprises take the initiative to enter into negotiations with foreign companies, enterprises and individuals to organize joint venture companies. On the other hand, foreign companies, enterprises or individuals may invite our companies and enterprises to the negotiations over the organization of joint companies. In such a case it is advisable for them to be introduced to our proper companies or enterprises by the Guiding Department of Joint Venture of the Ministry of External Economic Affairs.

Upon receipt of the request from foreign companies,

enterprises or individuals, the Guiding Department of Joint Venture of the Ministry of External Economic Affairs is to examine the business category, scale and interests of the joint venture afoot, and introduce our proper companies and enterprises to them.

When an agreement is reached between parties concerned in the negotiations to organise a joint venture, they conclude a contract for the organization of the joint company.

After the conclusion of the contract on the joint venture, an approval from the Ministry of External Economic Affairs is obtained by our side to the joint venture.

After the contract on the joint venture is approved, the parties to the contract make their investment, set the registered office of joint company and register its establishment in the provincial people's committee concerned. Then, the joint company becomes a corporate body. Our side to the joint venture registers the joint venture company in the name of joint company.

The adoption of a joint company's statute and its amendments and supplements belong to the right of the board of directors.

In applying for registration to the provincial people's committee, the registration office, the joint venture company should submit also its statute.

The statute of a joint company should include the principle and order of the joint venture's activities including the name of the joint company, its seat, the content of its business, the total sum of its assets, the contribution of each party, the term of its existence, etc.

The statute of a joint venture company is amended by the board of directors. Therefore, while the items of the statute which are not entered in the register may be amended by the board of directors, the items of statute which are entered in the register, may be amended only in agreement with the Ministry of External Economic Affairs after the decision on its amendment is made by the board of directors and then the change of registration should be applied to the registration organ concerned.

**Reporter:** The readers of our journal are deeply interested in the investment of joint company and the contribution of the partners.

**Section Chief:** They are right. The DPRK Law on Joint Ventures and its Detailed Regulations do not place any restriction on the total investment of a joint venture and the contribution of parties concerned. Therefore, the total investment of a joint venture and the contribution of each party are decided freely by agreement between the parties concerned.

To take the cases in foreign countries, the total capital of a joint venture is usually fixed by agreement between the parties concerned, but the contribution by the foreign participants is

limited to 25-49.9 percent. Such restriction proceeds from the purpose to extend their participants' influence on the management of the joint company. However, the Detailed Regulations for the Implementation of the DPRK Law on Joint Ventures does not place such restrictions.

The parties to a joint venture may make investment in various forms.

According to the Detailed Regulations, each party to a joint venture may contribute currency, buildings, raw materials, machinery and equipment, invention right, technical documentation, land, etc. as their contribution to the capital of the company.

When the parties made their contribution in cash, the pertinent currency is decided by agreement between the parties to the joint venture. When they make their contribution in kind such as buildings, raw materials, machinery and equipment, and in the form of intangible assets such as invention right, technical documentation and know-how, their prices are assessed by the parties to the joint venture according to the international market price. In case the contribution of the Korean participant does not include land, the joint company should pay land royalty set by the State Price Assessment Commission of our country.

Some countries do not recognize property in kind and intangible assets as the foreign partner's contribution. Taking this point into consideration, broad investment forms defined in the Detailed Regulations for the Implementation of the DPRK Law on Joint Ventures give foreign participants to joint venture full facility for investing flexibly.

A joint company can increase its registered capital, but cannot decrease it.

The parties to a joint venture can transfer part or whole of their share of investment to a third party in the course of operation. In this case, the party to the joint venture that wants to transfer his share of investment to a third party should get the consent of the other party without fail.

This is a characteristic of a limited liability company distinguished from a stock company. As you know, in case of a stock company, it is not necessary for the party who wants to transfer his share of investment to a third party to get the consent of the other party. However, in case of the joint venture company, it is indispensable for the party who wants to transfer his share of capital to the third party to get the consent of the other party, because all joint companies take the form of a limited liability company. This procedure is of great importance for the safe operation of the joint venture companies.

**Reporter:** How about the composition and the rights of the board of directors?

**Research Worker:** First of all, the DPRK Law on Joint

Ventures and its Detailed Regulations do not fix the number of directors of a joint venture company. A board of directors is composed of proper number of directors by agreement between the parties to the joint venture.

Each director is appointed by its own side. The number of directors appointed by each side is decided by agreement between the parties to the joint venture. President and vice-president of the board of directors are also nominated by the agreement between the parties concerned.

This does not mean that the number of directors nominated by each side is in proportion to his contribution or president is nominated by the side with larger contribution, but means that such matters are properly decided in favour of the operation of the joint venture through the consultation between the parties concerned.

The board of directors is the highest deciding body of the joint venture.

The parties to the joint venture decide all important problems until the establishment of the joint venture, but the board of directors becomes its highest deciding body after it is registered and becomes a corporate body.

In general, the general meeting of shareholders or partners, which is above the board of directors, is the highest deciding body in joint ventures in foreign countries. However, the DPRK Law on Joint Ventures and its Detailed Regulations simplify the management organs of the joint venture while they ensure full democracy in the management and operation of the joint ventures and the efficient activities of the joint venture.

Each side to the joint venture exercises the right of speaking and voting in the board of directors through directors appointed by each side.

The board of directors, the highest deciding body of the joint venture, discusses and decides upon such important questions of the joint venture as the adoption of its statute and the amendments and supplements to them, the increase of the registered capital of the joint venture, extension of the duration of company, dissolution of the company, measures for the development of the company, plan of management, account settlement and distribution of profits, appointment and dismissal of the president and vice-president(s) and appointment of the auditors.

The meeting of the board of directors is convened by the president more than once a year. In the event that the president is unable to convene the meeting of the board of directors, the vice-president, entrusted by the president, is to convene it.

When the meeting of the board of directors is convened, its date, place and agenda should be informed to each director in advance.

All the questions in the meeting of the board of directors are decided by the unanimous vote of directors present at the meeting.

The adoption of decisions by a unanimous vote of directors present at the meeting is of great importance and characteristic of the DPRK Law on Joint Ventures and its Detailed Regulations.

This makes clear that all the important questions in the management of a joint venture are dealt with by a unanimous approval.

According to the joint venture laws of other countries, each participant to a joint venture has the vote in proportion to his contribution, so that the participant with large contribution has possibilities for managing the joint venture at will regardless of opposition of the participant with small contribution. Thus, both parties have a great interest in the amount of their contribution.

This is why they define that the contribution of home participant should be over 51 percent and that of foreign participant less than 49 percent.

The participant with large contribution is not allowed to manage the joint venture in disagreement with the participant with smaller contribution in our country.

The principle of adopting decisions by a unanimous vote is premised on the friendship and cooperation among participants to the joint venture.

**Section Chief:** The Detailed Regulations prescribe on the management staff of a joint venture company.

The joint venture has a general manager and vice-general manager (s) and required number of management staff, who are appointed or dismissed by the board of directors.

The staff members who are not a management staff of the joint venture can be appointed by the general manager.

It is the duty of the general manager to organize and conduct the management of the joint company. He organizes and conducts the management of the joint venture according to the contract on the organization of the joint venture and its statute and the decisions taken by the board of directors, and answers to the board of directors.

**Reporter:** Please tell me about the buying of raw and other materials and selling of products by a joint venture which are provided for in the Detailed Regulations.

**Section Chief:** As you know, one of the fundamental problems in the operation of the joint venture is to procure in time the materials needed for production. On this point, the DPRK Law on Joint Ventures and its Detailed Regulations guarantee that a joint venture buys raw and other materials, semi-finished goods needed for production in our country and that our pertinent organs and enterprises produce and supply preferentially the materials required by joint ventures.

Therefore, joint companies can conduct positively their

managing activities on the basis of assured raw material source.

Joint companies can buy from foreign countries those materials which are not produced or bought in our country, invention right, technical documentation, know-how and other advanced technology needed for the technical reconstruction of the company.

The export of products is a main line of joint venture companies.

The joint companies can buy materials and sell their products through pertinent trade organs in our country. They can buy some materials for management through our home commercial network.

The export and import of the joint venture is carried out by the companies themselves or through our foreign trade organs.

Such stipulations in the Detailed Regulations aim at providing convenience for the management activities of the joint venture.

Joint companies can enjoy certain privileges in their export and import operation.

They are not asked to get export and import licenses and are free from import duties.

Such privileges are intended to make great contribution to making their management activities smooth and increasing their earnings.

[Part 2, Oct 85, pp 20-23]

[Text]

**Reporter:** Please tell me about the labour management of a joint company.

**Research Worker:** Since a joint company is organized and operated in our country, it will have to employ our citizens as its workers and staff members. As you know, there is no unemployment in our country. The joint company should employ or dismiss workers only through our labour administration organs. Namely, the joint company should secure the needed labour through our labour administration organs and, in case of dismissing surplus workers for some reasons, it should agree with them on this matter in advance.

Our labour administration organs are to engage the labour forces required by joint companies on the labour supply plan and provide them on the preferential basis.

Inasmuch as joint companies are operated within the

territory of the Republic, and most of their workers are the citizens of the Republic, working time, rest and labour protection of their workers and staff members should be practiced in accordance with the labour laws and regulations of the DPRK.

A joint company may, if need be, employ foreigners as its working staff. They should be technicians of special domains. Joint ventures should introduce in the main advanced technology and equipment. Therefore, joint ventures should direct their efforts to raising the technical level of the workers and staff members and to training skilled workers required.

The workers and staff members of joint ventures enjoy the benefits of the social insurance and security system of the DPRK.

Not only Korean workers and staff members but also foreign workers and staff members of joint ventures enjoy the benefits.

A joint company should pay 7 per cent of labour remuneration of the workers and staff members and the workers and staff members pay one per cent of their remuneration as premiums on social insurance. Such is also the case with the other enterprises of the Republic and their workers and staff members. This is not a special case for the joint ventures.

The wage amount of the workers and staff members of a joint venture is of great importance both in the management of the joint company and in the living of the workers and staff members.

The law on joint ventures and its detailed regulations do not stipulate specifically on the matter, but provide that a joint company manages and employs labour in accordance with the contract between both sides to the joint company. Therefore, both sides should agree to fix a proper wage level, reckoning with the company's profits and other conditions comprehensively.

The foreigners working at a joint company should pay the income tax on the incomes from their labour remuneration in accordance with the Foreigners' Income Tax Law of the DPRK.

**Reporter:** Please explain the Foreigners' Income Tax Law of the DPRK in detail.

**Section Chief:** The Foreigners' Income Tax Law of the DPRK provides that income tax should be levied on

foreigners who earn an income within the territory of the DPRK.

Namely, regardless of their place of residence, the foreigners who earn an income within the territory of the Republic have to pay an income tax.

Foreigners' income tax is levied on the following two categories of income.

One is income from labour remuneration.

This income, in its nature, is earned by foreign natural persons alone.

The other is income from royalties on invention right, technical documentation, know-how and the like.

This is the royalties on industrial properties, technical documentation, know-how.

This income, in its nature, is earned by foreign natural and juridical persons.

Tax rates on income from labour remuneration are: a monthly income of 500 won and less shall be exempted from individual income tax, for that part of monthly income from 501 won to 2,000 won tax rate is 5 per cent, for that part of monthly income from 4,001 won to 6,000 won 15 per cent, for that part of monthly income from 6,001 won to 8,000 won 20 per cent, for that part of monthly income from 8,001 won to 10,000 won 25 per cent, and that part of monthly income above 10,000 won 30 per cent.

Income from royalties on the invention right, technical documentation, know-how and the like shall be taxed at a rate of 20%.

The Foreigners' Income Tax Law of our country is characterized by low tax rates and simplicity. No individual income tax is levied on any income except the two categories of income mentioned above.

Research Worker: Foreigners' income tax shall be withheld and turned in the state financial organs by the paying unit which issue foreigners' payment certificates on receiving tax. When the income paying organs and enterprises pay an income to foreigners, they should also deliver foreigners' tax payment certificates to them.

For the avoidance of double taxation, foreigners may submit to the tax authority in their country foreigners' tax payment certificate issued by our financial organs.

Our country will conclude agreements on avoidance of double taxation with other countries.

Reporter: How about the financial transactions of joint ventures including the opening of an account at a bank, settlement of commodity prices, money of account and remittance of foreign currency?

**Section Chief:** The DPRK Law on Joint Ventures and its detailed regulations laid down two ways by which a joint company opens an account at a bank.

One way is that a joint company opens foreign exchange and Korean won accounts with the Foreign Trade Bank of the Republic and the banks specified by it.

A joint company should conduct all operations of foreign exchange income and expenditure including the price of commodities which are sold and bought through Korea's foreign trade establishments. The price of commodities purchased through our home trade networks and the royalties are settled by Korean won.

A joint company may realize interest from the balance at the bank according to the interest rate set by the foreign trade bank.

The other way is that a joint company may open its account at a bank of another country by agreement between the parties concerned. The parties to a joint venture may open an account at banks of one or many countries according to the range of its foreign transaction.

A joint company can get credit from our banks or foreign banks when it is short of foreign currency in its operation.

These regulations are the legal expressions of our government's policies encouraging the management activities of joint ventures.

According to the detailed regulations Korean won is used in principle in the management accounts of a joint company. But, foreign currency can be also used by agreement between the parties to the joint venture. The foreign exchange income and expenditure of a joint company are converted into Korean won according to exchange rates set fairly by the foreign trade bank.

The DPRK Law on Joint Ventures and its detailed regulations lay down the procedures of remittance of money in favour of the parties concerned to a joint venture and foreigners working for it.

The foreign party to a joint venture may remit abroad their dividend without any restriction.

Foreigners employed by a joint venture may remit at least 60 per cent of their wages to their countries.

Some countries set a certain limit to foreign currency holdings out of dividend accruing to the foreign parties to a joint venture or restrict the amount of remittance by

foreigners employed by a joint company within about 50 per cent. Compared with this, the procedures of remittance stipulated in the Detailed Regulations for the Implementation of the DPRK Law on Joint Ventures provide greater benefits and convenience to the foreign party to a joint venture and foreigners employed by it.

**Reporter:** Will you please explain to me about the account settlement and the distribution of profits in a joint company?

**Research Worker:** A joint company should settle the account of its management once every year.

The financial year for joint ventures starts from January 1 and ends in December 31.

The Detailed Regulations provide that the settlement of account for joint ventures is done in such a way as to decide on the net income after compensating production cost out of its total annual income.

The general manager of a joint company should submit the document of account settlement to the board of directors for approval after the auditors' checking.

The auditors should check the accounts of the company, the balance sheet and the profit and loss account and answer to the board of directors for the correctness of the accounts. If the accounts are judged incorrect, the auditors may ask for its correction.

A joint company should pay the income tax according to the Income Tax Law of the DPRK concerning Joint Ventures for each financial year.

According to the Income Tax Law of the DPRK concerning Joint Ventures, the income tax rate shall be 25 per cent. According to the law, a newly established joint company may be exempted from income tax in the first three years, and a joint company scheduled to operate for a period of less than 10 years only in the first year.

In case the net income of a joint company is small even following the expiration of the terms for exemptions mentioned above, it may submit a petition to the tax authorities for the exemptions and reductions of the income tax.

The income tax rates of joint ventures defined in the Income Tax Law of the DPRK concerning Joint Ventures are lowest and simplest in the world.

To take other countries as an example, the income tax rates are over 40 per cent usually and 30 per cent in the lowest case. In addition, a local surtax of 10 per cent of the income tax and a 10 per cent tax are levied on the

amount of remittance of dividend abroad.

Except 25 per cent of the income tax of a joint venture once a year, neither local surtax nor tax on the remittance of dividend abroad nor income tax on dividend is levied in our country.

A joint company should create a reserve fund.

The company should set aside 5 per cent of its net income remaining after the deduction of production cost from its gross income every year as a reserve fund until it amounts to 25 per cent of registered capital.

The size of the reserve fund to be laid up by a joint venture and its annual rate are laid down as stated above in the law on joint ventures and its detailed regulations.

A joint company may lay up a reserve fund exceeding the standard, but is not allowed to distribute profit when it fails to reach the standard.

To lay up a reserve fund is obligatory. This is related to the fact that a joint company, limited liability company, guarantees its creditors only with its property.

How to use the research fund is laid down in the law on joint ventures and its detailed regulations. That is, the reserve fund may and should be used only for filling the deficit of the joint company. Exceptionally, the reserve fund may be transferred to the company's registered capital by the decision of the board of directors.

Transferring the reserve fund to registered capital is also in accord with the interest of the company's creditors because it does not mean any change in the financial status of the company and much more reserve fund is laid up in proportion to the newly increased registered fund from the next financial year.

A joint company also creates the fund for the expansion of production and technical development and the bonus and welfare fund for the workers and staff members.

The kinds, size and rate of the funds are decided freely by the board of directors of the company.

The profit distribution between the parties to a joint venture is done in such a way as to divide the net profit of the venture in proportion to their respective shares in the registered capital after the payment of the income tax and deductions of various funds.

A foreign participant to a joint venture disposes of his dividend at will.

He may spend it in our country, deposit it in a bank, reinvest it or remit it abroad.

Reporter: Will you please explain the dissolution of a joint venture and liquidation procedures?

Section Chief: The DPRK Law on Joint Ventures and its detailed regulations stipulate first the case of the regular dissolution of a joint venture.

A joint venture will be regularly dissolved at the expiration of the contract period agreed upon between the parties to the venture.

The duration of a joint venture fixed by the parties to a joint venture in the contract is usually 5, 10 or 15 years. The venture's duration shall be fixed various periods according to the scale, business range and profit-making period of the joint company to be formed.

A joint venture will be dissolved at the expiration of the contract period. If the parties to the joint venture want to continue its operation even after the contract period, the board of directors should decide on the extension period subject to the approval of the Ministry of External Economic Affairs and register with registration office.

In the following cases a joint company may be dissolved by the decision of the board of directors prior to the expiration of the company's contract period:

1. When the company suffers a continuous deficit over 5 years.
2. When a party to the company fails to execute its obligation and causes a big loss to the business operation.
3. When it is impossible for the company to operate any longer due to the force majeure such as natural calamities.

Except these cases, the company will be dissolved from bankruptcy, too.

If a joint company is dissolved, it must be liquidated. In this case, the board of directors appoints a liquidator and the president hands over his duties to the liquidator. A director or other person can be appointed the liquidator.

Prior to liquidation, the liquidator should inform the company's registration office of the beginning of liquidation.

It is needed to confirm legally the beginning of liquidation and to inform publicly all the concerned persons of the company of the fact.

It is the liquidator's duty to wind up the current business of the joint company and distribute remaining assets to the participants to the company in proportion to their contribution. In order to fulfil this duty precisely, the liquidator should collect the company's claims, current assets and doubtful asset and convert impartially liquid and doubtful assets into a certain amount of money.

Then, he should pay the company's debt to the persons concerned.

In case the company's assets are smaller than its debt, the liquidator presents petition of bankruptcy to the court of justice. The assets after the payment of the company's debt are distributed among the participants to the company in proportion to their contribution.

The liquidator answers to the board of directors for his work. After finishing liquidation, the liquidator should gain the approval of the board of directors on the statement of liquidation and inform the company's registration office of the termination of liquidation.

**Reporter:** What are the characteristics of the stipulations on the settlement of disputes?

**Research Worker:** Differences arising in the course of the operation of a joint company are basically settled through consultation.

The disputes unsolvable through consultation should be deliberated and settled by a court or trade arbitration organ of the DPRK.

Whether the dispute is settled by a court or by a trade arbitration organ is agreed upon by the parties.

Arbitration or judgement is carried out according to our regulations.

In order to guarantee thoroughly the conveniences and interests of foreign party to a joint company, it is stipulated in the detailed regulations for the implementation of the DPRK Law on Joint Ventures that the foreign party enjoys the same right as our party in a civil suit and can nominate as arbitrators those who are not in the arbitrator's list.

The foreign party to a joint company is guaranteed every convenience, namely, he can employ interpreters and nominate advocates as attorneys in a civil suit in our country.

The deliberation of disputes may be tendered to the arbitration organ of a third country by agreement between the parties to the company.

All these aim to settle the disputes which may arise in the course of the operation of a joint company in accord with the will and interest of the parties concerned.

**Reporter:** Thank you for your kind explanation.

N.KOREA/INTERNATIONAL COMMENTARY

DAILY ASSAILS U.S. 'INVASION' OF NICARAGUA

SK191142 Pyongyang Domestic Service in Korean 0954 GMT 18 Sep 85

[NODONG SINMUN 18 September article: "A Grave Expansion of Anti-Nicaraguan Maneuvers"]

[Text] According to an information released by the Nicaraguan presidential office, on 13 September the U.S. imperialists and Honduran reactionaries committed an act of a military invasion of Nicaragua.

Supported by the Honduran Army and Air Force, some 800 U.S. mercenaries stationed in Honduras infiltrated into a northern region of Nicaragua and launched a military attack. At the same time, a Honduran air squadron entered the territorial airspace of Nicaragua and attacked the Sandinist Armed Forces.

On the same day, U.S. mercenaries, infiltrating into the southern region of Nicaragua, attacked some guard posts on its border with howitzers. Of course, such a brigandish armed invasion by the U.S. imperialists and the Honduran reactionaries resulted in failure. The Nicaraguan defenders honorably defended the security of their fatherland against the enemy's invasion.

While strongly denouncing the U.S. imperialists and their stooge, the Honduran reactionaries, for their intolerable criminal act of openly launching an armed invasion of Nicaragua, the Korean people are extending firm militant solidarity to the Nicaraguan people in their just struggle of bravely fighting the wicked enemy.

The U.S. imperialists' aggressive maneuvers against Nicaragua are becoming more wicked with each passing day. In particular, the U.S. imperialists, who, while regarding the Sandinist revolution as a thorn in their flesh, have committed all sorts of maneuvers to obliterate it, are now trying to realize their aggressive object by earnestly persuading such reactionary Central American countries as Honduras into joining in their military intervention in the affairs of Nicaragua and by expanding it.

The recent armed infiltration committed by the U.S. mercenaries with the support of the Honduran Army and Air Force and infiltration into the territorial airspace of Nicaragua by the Honduran air squadron are nothing but products of such U.S. imperialists' maneuvers and reflect another expansion of a

U.S. aggressive war against the Nicaraguan people without declaration of war. Because of this, the world's peace-loving people, together with the Nicaraguan people, regard the recent armed invasion of Nicaragua as a grave affair.

The U.S. imperialists' military intervention maneuvers against Nicaragua can never be justified because they are a ploy aimed at obliterating the sovereignty of the people's of other countries and forcing the fate of being colonial slaves on them.

The United States should abandon its brigandish military policy against the Nicaraguan people.

Honduras and Costa Rica, which are against Nicaragua at the instigation of the U.S. imperialists, should also refrain from committing such shameful acts against Nicaragua as the perpetrators of invasion and abolish the bases for the U.S. mercenaries built in their own countries.

Nothing can stop the victorious advance by the Sandinist revolution. Exposing and denouncing the criminal acts of the United States and Honduras which infiltrated the U.S. mercenaries into Nicaragua, President Daniel Ortega Saavedra made it clear that the Nicaraguan people and Armed Forces are prepared to expel foreign aggression of any kind.

Any aggressive maneuvers against Nicaragua will always be aborted. The Sandinist revolution will continue its victorious advance.

CSO: 4110/002

N.KOREA/INTERNATIONAL COMMENTARY

COMMENT ON S. AFRICA'S INVASION OF ANGOLA

Daily Criticizes 'Invasion'

SK220923 Pyongyang KCNA in English 0905 GMT 22 Sep 85

[Text] Pyongyang, 22 Sep (KCNA)--The South African racists must promptly stop their armed invasion of Angola and withdraw aggression forces without delay.

NODONG SINMUN Sunday says this in a signed commentary hitting at the South African aggression forces' intrusion into Angolan territory.

The paper points out that the military action of the Pretoria racists this time is a brigandish infringement upon the national sovereignty and territorial integrity of Angola.

It says:

This invasion is a wanton violation of international law and impudent military gangsterism.

This invasion shows that the South African racists are further expanding their aggressive operations for expansionism.

The South African racist authorities assert that the invasion was directed against the members of SWAPO [Southwest African People's Organization] but, it is a sheer lie.

Their true intention is to save from danger the counterrevolutionary armed bandits of the national union for complete independence of Agnola, stooges they are supplying with arms and funds to oppose the legitimate government of Angola.

The South African racist clique's invasion of Angola is a manifestation of its weakness.

Foreign Ministry Statement

SK260519 Pyongyang KCNA in English 0451 GMT 26 Sep 85

[Statement of Spokesman of DPRK Foreign Ministry"--KCNA headline]

[Text] Pyongyang, 25 Sep (KCNA)--The South African racists must stop armed invasion of the People's Republic of Angola at once and withdraw their aggression forces from the occupied Angolan territory without delay, declares the spokesman of the Foreign Ministry of the Democratic People's Republic of Korea in a statement published on September 25.

Pointing out that the South African aggression forces invaded Angola again on September 16, the statement notes that this arrogant military action is a brigandish encroachment upon the sovereignty and territorial integrity of Angola and a criminal act wantonly hating even the elementary norms of international law.

It says:

Today the Pretoria racists are expanding their armed invasion of Angola. This is their desperate moves to extricate themselves from their serious crisis at home and abroad.

The South African racist regime now finds itself in an inextricable fix, running up against the riotous resistance of people against racism at home and being vehemently protested against and denounced by the world people externally.

Furthermore, the armed hooligans of the national union for the total independent of Angola who are supplied with weapons and fund and trained by the South African racists are also on the verge of destruction.

The South African racists are clamouring that their armed invasion of Angola is directed against the members of the South West Africa People's Organisation. This is a deceptive row to conceal their vicious design.

It is because of the patronage and support of the imperialists that the South African racists, ignoring the resolution of the UN, rigged up a puppet regime in Namibia and ceaselessly committing armed invasion and subversive acts and sabotages against the neighbouring countries.

The Korean people condemn the U.S.-led imperialists for resorting to a crafty double-dealing tactics, pretending to be a friend of the African people on the one hand and patronizing the South African racist clique and encouraging it to invade the neighbouring countries on the other.

The Korean people will firmly stand on the side of the fraternal Angolan people against the South African aggressors and actively support and encourage their sacred struggle.

Solidarity Group Denounces 'Invasion'

SK270558 Pyongyang KCNA in English 0523 GMT 27 Sep 85

[Text] Pyongyang, 27 Sep (KCNA)--The South African racists should put an immediate end to the armed invasion against Angola.

The Korean Committee for Asian-African Solidarity says this in a statement published here on September 26.

Today the Pretoria racists with the active support and patronage of the U.S.-led imperialists are running wild to stifle the just struggle of the South African and Namibian peoples for freedom and liberation in order to maintain their crumbling racist rule at any cost, while ceaselessly committing armed invasion and subversive acts and sabotages against Angola and other neighboring countries, the statement notes, and stresses:

The Korean Committee for Asian-African Solidarity will firmly stand on the side of the fraternal Angolan people fighting against the South African racists, and other African peoples in the struggle against imperialism and for independence and fully support and encourage their just struggle.

CSO: 4100/003

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